



SAN MIGUEL CORPORATION
40 San Miguel Avenue, Mandaluyong City, Philippines 1550

OFFER SUPPLEMENT
Offer of 266,666,600 Series 2 Preferred Shares
with an Oversubscription Option of up to 133,333,400 Series 2 Preferred Shares
under its 866,666,700 Series 2 Preferred Shares Shelf Registration

consisting of:
Series 2-S Preferred Shares
with an initial dividend rate of [●]

Series 2-T Preferred Shares
with an initial dividend rate of [●]

Series 2-U Preferred Shares
with an initial dividend rate of [●]

at an Offer Price of ₱75.00 per Preferred Share
to be listed and traded on the Main Board of The Philippine Stock Exchange, Inc.

Joint Issue Managers
Bank of Commerce
BDO Capital & Investment Corporation
PNB Capital and Investment Corporation

Joint Lead Underwriters and Bookrunners

Bank of Commerce¹
BDO Capital & Investment
Corporation²
BPI Capital Corporation

China Bank Capital Corporation
Land Bank of the Philippines²
Philippine Commercial Capital, Inc.

PNB Capital and Investment Corporation
RCBC Capital Corporation
Security Bank Capital Investment
Corporation

Selling Agents
Trading Participants of The Philippine Stock Exchange, Inc.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS OFFER SUPPLEMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

This Preliminary Offer Supplement is dated October 10, 2025.

¹ Bank of Commerce is an affiliate of the Company.

² BDO Unibank, Inc. and Land Bank of the Philippines are among the lenders of the short-term loans of the Company that will be repaid with the proceeds of this Offer. BDO Capital & Investment Corporation, a subsidiary of BDO Unibank, Inc., and Land Bank of the Philippines are among the Joint Lead Underwriters and Bookrunners for this Offer. For further discussion, please see section on Use of Proceeds.

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The Prospectus dated November 8, 2023 (the “**Prospectus**”), relating to the shelf registration and offer and sale, in tranches, in the Philippines within the Shelf Period (as defined below) of up to 866,666,700 cumulative, non-voting, non-participating, non-convertible, redeemable, re-issuable Philippine Peso-denominated, perpetual Series 2 Preferred Shares with a par value of ₱5.00 per share (the “**Shelf Registered Shares**”) by San Miguel Corporation (“**SMC**”, the “**Company**”, the “**Parent Company**”, or the “**Issuer**”) with a total offer size of up to ₱65,000,002,500.00 (the “**Shelf Registration**”), was previously approved and the shelf registration rendered effective by the Securities and Exchange Commission (“**SEC**”) under MSRD Order No. 62, Series of 2023.

Under SEC MSRD Order No. 62, Series of 2023, the Shelf Registered Shares shall be issued in tranches within a period of three (3) years from the effective date of the Registration Statement of the Shelf Registered Shares. Pursuant to SEC Memorandum Circular No. 12, Series of 2025, the validity of the registration statement has been extended to five (5) years. Accordingly, the Shelf Registered Shares shall be issued in tranches within a period of five (5) years from the effective date of the Registration Statement of the Shelf Registered Shares i.e., within November 9, 2023 to November 9, 2028 (the “**Shelf Period**”).

This Offer Supplement dated October 10, 2025 (the “**Offer Supplement**”) relates to the second tranche of the Shelf Registered Shares and the public offer and sale (the “**Offer**”) by the Company of up to 400,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable, re-issuable Philippine Peso-denominated, perpetual Series 2 Preferred Shares with a par value of ₱5.00 per share (the “**Offer Shares**” or the “**Series 2-S, Series 2-T, and Series 2-U Preferred Shares**” collectively, and “**Series 2-S Preferred Shares**”, “**Series 2-T Preferred Shares**”, and “**Series 2-U Preferred Shares**” individually) to be issued under the Shelf Registration. The split between the Series 2-S, Series 2-T, and Series 2-U Preferred Shares shall be determined by the Issuer at its sole discretion, in consultation with the Joint Lead Underwriters and Bookrunners. There is no pre-determined split between the Series 2-S, Series 2-T, and Series 2-U Preferred Shares for both the institutional and retail tranches, however, the allocation per series shall be guided by several factors, including the demand per series for each of the institutional and retail tranches and the Company’s overall funding cost.

The offer and sale of the Offer Shares shall be by way of an offer of 266,666,600 Series 2 Preferred Shares (the “**Base Offer**”). In the event of an oversubscription, the Joint Issue Managers, and the Joint Lead Underwriters and Bookrunners, in consultation with the Company, reserve the right, but do not have the obligation, to increase the Offer size up to an additional 133,333,400 Series 2 Preferred Shares (the “**Oversubscription Option**”). The Offer Shares are to be issued in up to three (3) subseries: Series 2-S, Series 2-T, and Series 2-U, at an offer price of ₱75.00 per share (the “**Offer Price**”). The Offer Shares will be issued from the Series 2 Preferred Shares held in treasury by the Company.

In the event that the Oversubscription Option is exercised, the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, have the discretion to allocate the Oversubscription Option of up to 133,333,400 Series 2 Preferred Shares to the Series 2-S, Series 2-T, and Series 2-U Preferred Shares at the end of the Offer Period. In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period for the Offer Shares, the corresponding number of Oversubscription Option shares not taken up or exercised shall revert to the Shelf Registered Shares, and automatically increase the remaining shares that may be offered by the Issuer in subsequent tranches.

The Offer Shares are being offered for subscription solely in the Philippines through Bank of Commerce, BDO Capital & Investment Corporation, BPI Capital Corporation, China Bank Capital Corporation, Land Bank of the Philippines, Philippine Commercial Capital, Inc., PNB Capital and Investment Corporation, RCBC Capital Corporation, and Security Bank Capital Investment Corporation, (each a “**Joint Lead Underwriter and Bookrunner**” and collectively the “**Joint Lead Underwriters and Bookrunners**”), and the Selling Agents named herein.

The Offer Shares will be listed and traded on the Main Board of The Philippine Stock Exchange, Inc. (“**PSE**”). The Offer Shares will be issued and listed on October 24, 2025 or such other date as the Issuer, the Joint Issue Managers, and the Joint Lead Underwriters and Bookrunners may agree in writing, provided, that such date shall be compliant with the conditions of the Notice of Approval (if any) or otherwise approved by the PSE (the “**Issue Date**” or the “**Listing Date**”) under the ticker codes SMC2S, SMC2T, and SMC2U, respectively.

This Offer Supplement contains the final terms of the Offer Shares and must be read in conjunction with the Prospectus. Unless defined in this Offer Supplement, terms used herein shall be deemed to be defined as set forth in the Prospectus. Full information on the Issuer and the Offer is only available on the basis of the combination of the Prospectus and this Offer Supplement. All information contained in the Prospectus are deemed incorporated by reference in this Offer Supplement.

SMC has an authorized capital stock of ₱30,000,000,000.00, divided into 2,885,247,463 common shares and 3,114,752,537 Series “2” Preferred Shares, all with a par value of ₱5.00 per share.

Following the issuance of the Offer Shares, assuming the Oversubscription Option is exercised in full, the Company will have the following issued and outstanding shares:

Class of Shares	Number of Issued and Outstanding Shares
Common Shares	2,383,896,588
Series 2-I Preferred Shares	169,333,400
Series 2-J Preferred Shares	●
Series 2-K Preferred Shares	●
Series 2-L Preferred Shares	165,358,600
Series 2-M Preferred Shares	173,333,325
Series 2-N Preferred Shares	100,115,100
Series 2-O Preferred Shares	187,859,700
Series 2-P Preferred Shares	●
Series 2-Q Preferred Shares	●
Series 2-R Preferred Shares	●
Series 2-S, Series 2-T and Series 2-U Preferred Shares	400,000,000

The holders of the Offer Shares do not have identical rights and privileges with holders of the existing common shares of the Company. Any and all preferred shares of the Company shall have preference over the common shares in dividend distribution and in case of liquidation or dissolution. For further discussion on the rights and privileges of the Offer Shares, please refer to the section on “*Description of the Offer Shares*”.

The declaration and payment of cash dividends on the Offer Shares on each Dividend Payment Date (as defined below) will be subject to the sole and absolute discretion of the Issuer’s Board of Directors (the “**Board of Directors**”) to the extent permitted by law, and subject to the covenants (financial or otherwise) in the agreements to which the Company is a party. The declaration and payment of dividends (except stock dividends) do not require any further approval from the shareholders. See “*Description of the Offer Shares*”.

Cash dividends on the Offer Shares will be payable once for every Dividend Period (as defined below) on such date set by the Board of Directors at the time of declaration of such dividends (each a “**Dividend Payment Date**” in accordance with the terms and conditions of the Offer Shares, which date shall be any day within the period commencing on (and including) the last day of a Dividend Period and seven (7) Trading Days from the end of the relevant Dividend Period. The quarterly dividend is computed by multiplying the Issue Price by the applicable Dividend Rate, and thereafter dividing by four. For the first Dividend Period, the dividend will be pro-rated to cover only the number of days from the Issue Date up to the end of such Dividend Period. For the succeeding Dividend Periods, the corresponding Dividend Payment Date may also fall on any date between the last day of the Dividend Period and seven (7) Trading Days from the end of the relevant Dividend Period. A “**Dividend Period**” shall refer to the period commencing on the Issue Date and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of the immediately succeeding Dividend Period; provided that, the first Dividend Period of the Offer Shares shall be the period commencing on the Issue Date and ending on the last day of the then current Dividend Period for the outstanding Series 2 Preferred Shares, and provided further that, the last Dividend Period of the Offer Shares shall be the period commencing on the first day of the then current Dividend Period of the Offer Shares and ending on the Optional Redemption Date. If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment to the amounts of dividends to be paid.

The dividends on the Series 2-S, Series 2-T, and Series 2-U Preferred Shares will be calculated on a 30/360-day basis.

If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.

As and if cash dividends are declared by the Board of Directors, cash dividends on the Series 2-S, Series 2-T, and Series 2-U Preferred Shares shall be at the initial rates of [●]%, [●]%, and [●]% per annum, respectively, in all cases calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period (each, the **"Initial Dividend Rate"** for the relevant subseries).

Dividend Rate means (a) from the Issue Date up to the relevant Step-Up Date, the applicable Initial Dividend Rate, and (b) from the relevant Step-Up Date, until the date when each of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares, as the case may be, are redeemed, the higher of the applicable Initial Dividend Rate and the relevant Step-Up Rate. (Please see below relevant definitions.)

Unless the Offer Shares are redeemed by the Issuer, in respect of the Series 2-S Preferred Shares, five (5) years from the Issue Date (the **"Series 2-S Step-Up Date"**), in respect of the Series 2-T Preferred Shares, seven (7) years from the Issue Date (the **"Series 2-T Step-Up Date"**), and in respect of the Series 2-U Preferred Shares, ten (10) years from the Issue Date (the **"Series 2-U Step-Up Date"**) (each of the Series 2-S Step-Up Date, the Series 2-T Step-Up Date, and the Series 2-U Step-Up Date being a **"Step-Up Date"**), or on the next Business Day in case the relevant Step-Up Date falls on a non-Business Day, the dividends on each subseries will be adjusted as follows:

- (a) For the Series 2-S Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the 10-year BVAL reference rate (each reference rate, a **"BVAL"**) (or if the 10-year BVAL is not available or cannot be determined, any such successor rate as determined by the Bankers Association of the Philippines (**"BAP"**) or the *Bangko Sentral ng Pilipinas* (**"BSP"**), as published on the website of the Philippine Dealing System Group (**"PDS"**) or, if unavailable, the Philippine Dealing & Exchange Corp. (**"PDEx"**) page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-S Step-Up Date, plus 3.00% (the **"Series 2-S Step-Up Dividend Rate"**);
- (b) For the Series 2-T Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the interpolated 15-year BVAL (or if the interpolated 15-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the PDS or, if unavailable, the PDEx page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-T Step-Up Date, plus 3.00% (the **"Series 2-T Step-Up Dividend Rate"**); and
- (c) For the Series 2-U Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the 20-year BVAL (or if the 20-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the PDS or, if unavailable, the PDEx page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-U Step-Up Date, plus 3.00% (the **"Series 2-U Step-Up Dividend Rate"**);

provided, that in the event the relevant Step-Up Date falls on a day that is not a Business Day:

- (i) the rate setting will be done on the immediately succeeding Business Day using the average of the relevant BVAL rates for the three (3) consecutive Business Days preceding and inclusive of the said rate setting date; and
- (ii) the higher of the applicable Initial Dividend Rate and the applicable Step-Up Dividend Rate will be applied commencing on the relevant Step-Up Date (which is five (5) years from the Issue Date of the Series 2-S Preferred Shares, seven (7) years from the Issue Date of the Series 2-T Preferred Shares, and ten (10) years from the Issue Date of the Series 2-U Preferred Shares).

(Each of the Series 2-S Step-Up Dividend Rate, Series 2-T Step-Up Dividend Rate, and the Series 2-U Step-Up Dividend Rate being a **"Step-Up Dividend Rate"**.)

For further discussion, please refer to the section on *"Terms of the Offer"*.

Dividends on the Series 2-S, Series 2-T, and Series 2-U Preferred Shares will be cumulative. If for any reason the Issuer's Board of Directors does not declare dividends on the Series 2-S, Series 2-T, and Series 2-U Preferred Shares for a Dividend Period, the Issuer will not pay dividends on such Dividend Payment Date for such Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares must receive the dividends due to them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares prior to such Dividend Payment Date. See *"Description of the Offer Shares"*.

As and if approved by the Board of Directors, the Company may redeem in whole (but not in part), any subseries of the Offer Shares as follows:

1. in respect of Series 2-S Preferred Shares, on the third (3rd) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a **"Series 2-S Optional Redemption Date"**);
2. in respect of Series 2-T Preferred Shares, on the fifth (5th) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a **"Series 2-T Optional Redemption Date"**); and
3. in respect of Series 2-U Preferred Shares, on the seventh (7th) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a **"Series 2-U Optional Redemption Date"**)

(each of the Series 2-S Optional Redemption Date, Series 2-T Optional Redemption Date, and Series 2-U Optional Redemption Date, being an **"Optional Redemption Date"**), after giving not more than sixty (60) nor less than thirty (30) days' prior written notice from the intended date of redemption, at a redemption price equal to the Offer Price of the Offer Shares plus all dividends due them on such Optional Redemption Date as well as all accumulated dividends due and payable (**"Arrears of Dividends"**) after deduction of transfer costs customarily chargeable to stockholders, as applicable, to effect the redemption (the **"Redemption Price"**). Such notice to redeem shall be deemed irrevocable upon issuance thereof.

For the avoidance of doubt, on the applicable Optional Redemption Date, the Issuer has the option to redeem, in whole but not in part, the Series 2-S, Series 2-T, and Series 2-U Preferred Shares.

In the event an Optional Redemption Date which the Issuer has chosen as the date to redeem the Series 2-S, Series 2-T, and Series 2-U Preferred Shares falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Price and the amount of dividends to be paid.

The Issuer may also redeem the Series 2-S, Series 2-T, and Series 2-U Preferred Shares, in whole but not in part, at any time prior to any Optional Redemption Date if an Accounting Event or a Tax Event (each as defined below) has occurred and is continuing. The redemption due to an Accounting Event or a Tax Event shall be made by the Issuer at the Redemption Price, provided that if the Accounting Event or Tax Event is specific to a subseries, then the foregoing optional redemption may be exercised only with respect to such subseries.

Each Offer Share has a liquidation right equal to the Offer Price of the Offer Share plus an amount equal to any dividends declared but unpaid in respect of the previous Dividend Period and any accrued and unpaid dividends for the then current Dividend Period to (and including) the date of commencement of the Company's winding up or the date of any such other return of capital, as the case may be (the **"Liquidation Right"**).

After listing on the PSE, the Issuer reserves the right to purchase the Series 2-S, Series 2-T, and Series 2-U Preferred Shares at any time in the open market or by public tender or by private contract at any price through the PSE without any obligation to purchase or redeem the other Series 2-S, Series 2-T, and Series 2-U Preferred Shares. The Series 2-S, Series 2-T, and Series 2-U Preferred Shares so purchased may either be redeemed (pursuant to their terms and conditions as set out in this Offer Supplement) and cancelled or kept as treasury shares, as applicable. The Offer Shares are re-issuable.

All payments in respect of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Government of the Republic of the Philippines (the **"Government"**), including, but not limited to, stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that the holders of Series 2-S, Series 2-T,

and Series 2-U Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable, provided, however, that the Issuer **shall not** be liable for (a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Preferred Shares, including any additional tax on such dividends imposed by changes in law, rule, or regulation; (b) any income tax (whether or not subject to withholding); percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares or on the liquidating distributions as may be received by a holder of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares; (c) any expanded value added tax which may be payable by any holder of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares on any amount to be received from the Issuer under the terms and conditions of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares; (d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend payable to any holder of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares or any entity which is a non-resident foreign corporation; and (e) any applicable taxes on any subsequent sale or transfer of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares by any holder of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

In the event payments in respect of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares become subject to additional withholding or any new tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer ("**Tax Event**"), the Issuer may redeem each of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares at any time in whole but not in part, at the Offer Price plus all accrued and unpaid dividends, if any ("**Redemption by reason of Tax Event**"). See "*Terms of the Offer*" and "*Description of the Offer Shares*".

Documentary stamp tax for the issuance of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares and the documentation, if any, shall be for the account of the Issuer.

In the event an opinion of a recognized accounting firm authorized to perform auditing services in the Government has been delivered to the Issuer stating that there is more than an insubstantial risk that the Series 2-S, Series 2-T, and Series 2-U Preferred Shares may no longer be recorded as equity in the audited consolidated financial statements of the Issuer prepared in accordance with Philippine Financial Reporting Standards ("**PFRS**"), or such other accounting standards which succeed PFRS as adopted by the Issuer for the preparation of its audited consolidated financial statements for the relevant financial year, and such event cannot be avoided by use of reasonable measures available to the Issuer ("**Accounting Event**"), the Issuer may redeem each of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares in whole, but not in part, at the Redemption Price ("**Redemption by reason of an Accounting Event**"). See "*Terms of the Offer*" and "*Description of the Offer Shares*".

The obligations of SMC under the Series 2-S, Series 2-T, and Series 2-U Preferred Shares are unsecured and are subordinated obligations to all of the indebtedness of the Company. The rights and claims of holders of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares will (subject to the extent permitted by law) rank senior to the holders of the common shares of the Company and *pari passu* with the other preferred shares.

In the event of the winding-up of the Company, the Series 2-S, Series 2-T, and Series 2-U Preferred Shares rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Offer Shares. The Offer Shares rank *pari passu* with other preferred shares. There is a substantial risk that an investor in the Offer Shares will not receive any return of the principal amount or any unpaid amounts due under the terms of the Offer unless SMC can satisfy in full all of its other obligations ranking senior to the Offer Shares.

There are no terms in the Offer Shares that limit the ability of SMC to incur additional indebtedness, including indebtedness that ranks senior to or *pari passu* with the Offer Shares. See "*Terms of the Offer*" and "*Description of the Offer Shares*".

The Series 2-S, Series 2-T, and Series 2-U Preferred Shares will be issued in scripless form. Settlement of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares in respect of any transfer or change of title of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares, including the settlement of documentary stamp taxes, if any, arising from subsequent transfers, shall be similar to the transfer of title and settlement procedures for listed securities on the PSE. If the Series 2-S, Series 2-T, and Series 2-U Preferred Shares are subsequently uplifted and issued in certificated form, title to the Series 2-S, Series 2-T, and Series 2-U Preferred Shares shall pass by endorsement and delivery to the transferee and registration in the Registry of Shareholders to be maintained by SMC Stock Transfer Service Corporation, the Registrar

and Stock Transfer Agent. See *“Terms of the Offer”* in this Offer Supplement.

The gross proceeds from the Base Offer shall be ₱19,999,995,000.00 or, should the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, exercise in full its Oversubscription Option, the total gross proceeds from the Offer shall be ₱30,000,000,000.00. The net proceeds from the Base Offer, after deducting from the gross proceeds the total underwriting and selling fees, listing fees, taxes and other related fees and out-of-pocket expenses, is estimated to be ₱19,846,336,702.25. The net proceeds from the Oversubscription Option should the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, exercise in full its Oversubscription Option, after deducting gross proceeds, selling fees, and taxes is estimated to be ₱9,940,004,970.00. The Company will use the said net proceeds for the refinancing of existing short-term loans which were used to redeem the Series 2-F Preferred Shares, to partially redeem the Series 2-J Preferred Shares and the Series 2-K Preferred Shares, and/or to make additional investments in the infrastructure business, including the Manila International Airport and other airport related projects in Bulakan, Bulacan, and the tollways projects. See *“Use of Proceeds”* in this Offer Supplement.

The Joint Lead Underwriters and Bookrunners, shall receive an estimated fee of up to 0.55% of the gross proceeds of the Offer, exclusive of applicable gross receipts tax, net of any creditable withholding tax, and inclusive of amounts to be paid to the Selling Agents.

No dealer, salesman or any other person has been authorized to give any information or to make any representation not contained in the Prospectus or this Offer Supplement. If given or made, any such information or representation must not be relied upon as having been authorized by the Company, the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, or the Selling Agents.

The distribution of this Offer Supplement and the offer and sale of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares may, in certain jurisdictions, be restricted by law. The Company, the Joint Issue Managers, and the Joint Lead Underwriters and Bookrunners require persons into whose possession this Offer Supplement comes, to inform themselves of and observe all such restrictions. This Offer Supplement does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person to whom it is unlawful to make such offer in such jurisdiction, other than in the Philippines.

Unless otherwise stated, the information contained in this Offer Supplement has been supplied by the Company. To the best of its knowledge and belief, the Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in this Offer Supplement is correct, and that there is no material misstatement or omission of fact which would make any statement in this Offer Supplement misleading in any material respect. The Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Offer Supplement and in the listing application and all documents submitted to the PSE. The Company further confirms that it has exercised due diligence in ascertaining that all material representations contained in this Offer Supplement, and any amendment or supplement thereto are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading.

The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners have exercised reasonable due diligence required by regulations in ascertaining that all material representations contained in this Offer Supplement, and any amendment or supplement thereto are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading. No representation, warranty or undertaking, express or implied, is made by any of the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, and no responsibility or liability is accepted by any thereof to the accuracy, adequacy, reasonableness or completeness of the information and materials contained herein (excluding any and all information pertaining to the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners) or any other information provided by the Company in connection with the Series 2-S, Series 2-T, and Series 2-U Preferred Shares, their distribution or their future performance, unless any of the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners is at fault or grossly negligent in the conduct of its duty of due diligence.

Unless otherwise indicated, all information in this Offer Supplement is as of June 30, 2025. Neither the delivery of this Offer Supplement nor any sale made pursuant to this Offer Supplement shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date. No representation or warranty, express or implied, is made or given by the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, the Registrar, or their respective affiliates or legal advisers as to the accuracy, completeness or sufficiency of the

information contained in this Offer Supplement, and nothing contained in this Offer Supplement is, or shall be relied upon, as a promise, representation or warranty by the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, the Registrar, or their respective affiliates or legal advisers. This Offer Supplement is neither intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, the Registrar, or their respective affiliates or legal advisers that any recipient of this Offer Supplement should purchase the Offer Shares.

Market data and certain industry forecasts used throughout this Offer Supplement were obtained from internal surveys, market research, publicly available information, and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Company, the Joint Issue Managers, or the Joint Lead Underwriters and Bookrunners makes any representation, undertaking or other assurance as to the accuracy or completeness of such information, or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on projections or forecasts is a matter of commercial judgment.

THE OFFER SHARES ARE BEING OFFERED ON THE BASIS OF THE PROSPECTUS AND THIS OFFER SUPPLEMENT. ANY DECISION TO PURCHASE THE OFFER SHARES MUST BE BASED ON THE INFORMATION CONTAINED IN THIS OFFER SUPPLEMENT.

Each person contemplating an investment in the Offer Shares should make his own due diligence and analysis of the creditworthiness of the Company and his own determination of the suitability of any such investment. The risk disclosure herein does not purport to disclose all the risks and other significant aspects of investing in the Offer Shares. A person contemplating an investment in the Offer Shares should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially those high-risk securities. Investing in the Offer Shares involves a higher degree of risk compared to debt instruments. For a discussion of certain factors to be considered in respect of an investment in the Offer Shares, see “*Risk Factors*” in the Offer Supplement.

An application to list the Series 2-S, Series 2-T, and Series 2-U Preferred Shares has been filed with the PSE and has been approved by the PSE as confirmed in the PSE Notice of Approval dated October 9, 2025. The PSE assumes no responsibility for the correctness of any statements made or opinions expressed in this Offer Supplement. The PSE makes no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of the Offer Supplement. Such approval for listing is permissive only and does not constitute a recommendation or endorsement of the Offer Shares by the PSE.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") AND WAS RENDERED EFFECTIVE PURSUANT TO MSRD ORDER NO. 62 (SERIES OF 2023) DATED ON NOVEMBER 9, 2023. HOWEVER, THIS TRANCHE OF THE SECURITIES MAY NOT BE SOLD NOR OFFERS TO BUY THE SAME ACCEPTED PRIOR TO THE TIME THE SEC ISSUES THE CERTIFICATE OF PERMIT TO OFFER SECURITIES FOR SALE. ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS OFFER SUPPLEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

SAN MIGUEL CORPORATION

By:

RAMON S. ANG

Chairman and Chief Executive Officer

JOHN PAUL L. ANG

Vice Chairman, President and Chief Operating Officer

REPUBLIC OF THE PHILIPPINES)
MANDALUYONG CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me this _____ in Mandaluyong City, affiant exhibiting to me the following competent evidence of identity.

Affiant

Ramon S. Ang
John Paul L. Ang

Competent Evidence of Identity

Philippine Passport No. P2247867B
Philippine Passport No. P2247864B

Date and Place of Issuance

May 22, 2019, DFA Manila
May 22, 2019, DFA Manila

Doc No.: _____;
Page No.: _____;
Book No.: _____;
Series of 2025.

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DEFINITION OF TERMS

In this Offer Supplement, unless the context otherwise requires, the following terms shall have the meanings set forth below.

AAIBV	Atlantic Aurum Investments B.V.
AHC	Angat Hydropower Corporation
AHEPP	Angat Hydroelectric Power Project
Angat Hydro	Angat Hydropower Corporation
APM	Automatic pricing mechanism
Approvals	PSE Notice of Approval, the SEC pre-effective clearance, the SEC Order of Registration, or the SEC Permit to Sell Securities
ASF	African swine fever
Beer and NAB Division or SMB	San Miguel Brewery Inc. and its subsidiaries
Beverage business	The Beer and NAB and Spirits divisions
BESS	Battery energy storage systems
BIR	Bureau of Internal Revenue
BOC	Bureau of Customs
BOI	Board of Investments
BPG	Business Procurement Group
BSP	Bangko Sentral ng Pilipinas
BTO	Build-Transfer-Operate
Business Day	A day, other than a public non-working holiday, Saturday or Sunday, on which the BSP's Philippine Payment and Settlement System (PhilPaSS) and the Philippine Clearing House Corporation (PCHC) (or, in the event of the discontinuance of their respective functions, their respective replacements) are open and available for clearing and settlement, and banks are open for business in Metro Manila, Philippines
BWCI	Bulakan Water Company, Inc
CA	Concession Agreement
CAI	Can Asia, Inc.
CALABARZON	Cavite, Laguna, Batangas, Rizal and Quezon
CALAX	the Cavite – Laguna Expressway
Can-Pack	Can Pack SA
CAVITEX	Manila-Cavite Toll Expressway

CBEX	Cavite Batangas Expressway
CFB	Circulating fluidized bed
CLPPC	Central Luzon Premiere Power Corporation
CME	Coco methyl ester
CMEPA	The Capital Markets Efficiency Promotion Act
CREATE Law or CREATE	The second package of the tax reform program, also known as the Corporate Recovery and Tax Incentives for Enterprises, passed by both the House of Representatives and Senate of the Philippines on February 3, 2021, and signed into law by the President of the Philippines on March 26, 2021 as Republic Act No. 11534
CREATE MORE Act	Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy
CSP	Competitive selection process
CTRP	Comprehensive tax reform program
Davao Greenfield Power Plant	Circulating Fluidized Bed Coal-Fired Power Plant in Malita, Davao Occidental
DC	Department Circular
DENR	Philippine Department of Environment and Natural Resources
DODOs	Dealer-owned-dealer-operated service stations
DOLE	Department of Labor and Employment
DOTr	Philippine Department of Transportation
DPWH	Department of Public Works and Highways
DTI	Philippine Department of Trade and Industry
Eagle Cement	Eagle Cement Corporation
EERI	Excellent Energy Resources Inc.
EFTA	European Free Trade Association
EMEPMI	Exxon Mobil Exploration and Production Malaysia Inc.
Enabling Resolutions	The Board of Directors' Resolution authorizing the sale and offer of up to 866,666,700 Series 2 Preferred Shares, at an offer price of ₱75.00 per share under a shelf registration to be issued in tranches within a period of three (3) years, under such terms and conditions as the management of SMC may deem advantageous to it dated September 7, 2023
EPC	Engineering, Procurement and Construction
EPIRA	Electric Power Industry Reform Act
ERC	Energy Regulatory Commission
Evs	Electric vehicles

FDA	Philippine Food and Drug Association
Food Division	San Miguel Foods or food business
Fuso	Fuso Machine & Mold Manufacturing Co. Ltd.
GDP	Gross domestic product
GFS	Great Food Solutions
Government	Government of the Republic of the Philippines
GSMI or Spirits Division	Ginebra San Miguel, Inc. and its subsidiaries
HACCP	Hazard Analysis of Critical Control Points
Hormel	Hormel Netherlands B.V.
ID	Identification documents
IEMOP	Independent Electricity Market Operator of the Philippines
IPPA	Independent Power Producer Administrator
IPPs	Independent Power Producers
Issue Date or Listing Date	October 24, 2025 or such other date when the Offer Shares are listed on the PSE
Issuer	San Miguel Corporation
Kabankalan BESS	20 MWh BESS facility in Kabankalan, Negros Occidental
Kirin	Kirin Holdings Company Limited
K-Water	Korea-Water Resources Corporation
KWPP	KWPP Holdings Corporation
LCWDC	Luzon Clean Water Development Corporation
LGU	Local government unit
Limay Greenfield Power Plant	Circulating Fluidized Bed Coal-Fired Power Plant in Limay, Bataan
LNG	Liquefied natural gas
Local Small Investor or LSI	A share subscriber who is willing to subscribe to a minimum purchase of 500 shares and whose subscription does not exceed PhP1,005,000.00
LSI Guidelines	The implementing guidelines for the reservation and allocation of shares for the LSIs through the PSE, prepared for the Offer and approved by the PSE
LPG	Liquified petroleum gas
LPI	Limay Power, Inc.
LSI Guidelines	The implementing guidelines for the reservation and allocation of shares for the LSIs through the PSE, prepared for the Offer and approved by the PSE
Magnolia	Magnolia Inc.

Malampaya	Malampaya gas facility in Palawan
MAP	Million annual passengers
Masinloc Power Plant	Masinloc Coal-Fired Power Plant
MCIT	Minimum corporate income tax
Megawide	Megawide Construction Corporation
Meralco	Manila Electric Company
MIA	Manila International Airport
Mincorr	Mindanao Corrugated Fibreboard, Inc.
MNHPI	Manila North Harbour Port, Inc.
MOPS	Mean of Platts Singapore
MPCL	Masinloc Power Co. Ltd.
MPGC	Mariveles Power Generation Corporation
MPI	Malita Power Inc.
MRT-7	Mass Rail Transit Line 7
MTPY	Metric tonnes per year
MWSS	Metropolitan Waterworks and Sewerage System
NAB	Non-alcoholic beer
NAIA	Ninoy Aquino International Airport
NAIAx	Ninoy Aquino International Airport Expressway
NALEX	Northern Access Link Expressway
NBEX	Nasugbu Bauan Expressway
NCC	Northern Cement Corporation
NGCP	National Grid Corporation of the Philippines
NNIC	New NAIA Infra Corp.
NPC	National Power Corporation of the Philippines
NPD	New product development
NWRB	National Water Resources Board
NYG	Nihon Yamamura Glass Co. Ltd.
O&M	Operation & Maintenance
Offer Supplement	The document which sets out the terms and conditions for each tranche of the Offer Shares
OWCI	Obando Water Company, Inc.
Packaging Group	Comprises of SMYPC, SMYPIL, and Mindanao Corrugated Fibreboard, Inc.

PAREX	Pasig River Expressway
PCC	Philippine Competition Commission
PDEx	Philippine Dealing & Exchange Corp.
PDS	Philippine Dealing System Group
PDTC	Philippine Depository & Trust Corp.
PEMC	Philippine Electricity Market Corporation
PET	Polyethylene Terephthalate
Petrogen	Petrogen Insurance Corporation
Petron	Petron Corporation, as the context it requires, its subsidiaries
Petron Bataan Refinery	Refinery in Bataan operated by Petron Corporation
PFRS	Philippine Financial Reporting Standards
Philippine Tax Code	National Internal Revenue Code of 1997, as amended
PITX	Parañaque Integrated Terminal Exchange
PLEX	Pangasinan Link Expressway
PNCC	Philippine National Construction Corporation
PPP	Public Private Partnership
Privado	Privado Holdings Corporation
PSA	Philippine Statistics Authority
PSAs	Power Supply Agreements
PSALM	Power Sector Assets and Liabilities Management Corp.
PSE	The Philippine Stock Exchange, Inc.
PSTPL	Petron Singapore Trading Pte. Ltd.
Purefoods-Hormel	Purefoods-Hormel Company, Inc.
PVEI	PowerOne Ventures Energy Inc.
Qualified Buyer	Means the qualified buyers under Rules 10.1.3 and 10.1.11 of the SRC IRR, and when applicable, duly qualified by a SEC-registered qualified investor registrar. Unless otherwise provided in applicable laws and regulations, the term “Qualified Buyer” shall include: <ul style="list-style-type: none"> (a) Bank; (b) Registered Investment House; (c) Insurance Company; (d) Pension fund or retirement plan maintained by the Government of the Philippines or any political subdivision thereof or managed by a bank or other persons authorized by BSP to engage in trust functions; (e) Registered Securities Dealer;

- (f) An account managed by a Registered Broker under a discretionary arrangement as provided for in the other relevant provisions in the SRC IRR;
- (g) Registered Investment Company (e.g., mutual fund companies);
- (h) Provident fund or pension fund maintained by a government agency or by a government or private corporation and managed by an entity authorized accordingly by the BSP or the SEC to engage in trust function or in fund management;
- (i) A trust corporation that is authorized by the BSP to perform the acts of a trustee;
- (j) Unit investment trust funds that are established in accordance with rules and regulations of the BSP;
- (k) A fund established and covered by a trust or Investment Management Account (“IMA”) agreement under a discretionary arrangement in accordance with rules and regulations of the BSP, A discretionary arrangement means that the entity managing the fund is granted authority to decide on the investment of the trust funds or IMA funds;
- (l) A fund established and covered by a trust or IMA agreement under a non-discretionary arrangement in accordance with rules and regulations of the BSP, provided that the beneficial owner/s or principal/s of such fund possess the qualifications on financial capacity and sophistication as specified in SRC IRR Rule 10.1.11.1 for natural persons, and 10.1.11.2 for juridical persons; and provided also, that the treatment of such fund as qualified buyer does not contravene the trust or IMA agreement.
- (m) A fund established and covered by a trust or IMA agreement wherein the beneficial owner or principal of the fund has been deemed or conferred as a qualified buyer under SRC Sec. 10.1 (l) or SRC IRR Rule 10.1.11; and
- (n) An entity with quasi bank license issued by BSP;
- (o) Pre-need company authorized by the Insurance Commission;
- (p) Collective Investment Scheme authorized by the relevant regulatory authority pursuant to existing laws and regulations;
- (q) A listed entity on The Philippine Stock Exchange, Inc., or a related body corporate of a Philippine Stock Exchange listed entity provided that it engages the service of a professional fund manager, through direct hire or via outsourcing to an authorized fund management entity.
- (r) A foreign entity not being established or incorporated in the Philippines that, if established or incorporated in the Philippines, would be covered by one of the preceding paragraphs; and
- (s) Such other person as the SEC may by rule or order determine as qualified buyers, on the basis of such factors as financial sophistication, net worth, knowledge, and experience in financial and business matters, or amount of assets under management, such as a natural person registered as a qualified

buyer with entities that are authorized by the SEC to act as registrar of qualified buyers pursuant to the rules provided under Rule 39.1.4 of the SRC IRR. For this particular class of Qualified Buyer, it shall be necessary that an SEC-registered qualified investor registrar shall ascertain the qualified of the Qualified Buyer.

RCOA	Retail Competition and Open Access
Registry of Shareholders	Electronic register of shareholders
REM	Renewable Energy Market
RES	Retail Electricity Supplier
RMP-2	Second phase of Petron's Refinery Master Plan project at the Petron Bataan Refinery
ROP	Republic of the Philippines
RPS	Renewable Portfolio Standards
RSC	Retail supply contract
RTGS	Real Time Gross Settlement
S3HC	Stage 3 Connector Tollways Holdings Corp.
SALEX	Southern Access Link Expressway
SC	Philippine Supreme Court
SCII	Southern Concrete Industries, Inc.
SEC	Securities and Exchange Commission
Series 2 Preferred Shares	Cumulative, non-voting, non-participating, non-convertible, redeemable, re-issuable Philippine Peso-denominated, perpetual Series 2 Preferred Shares with a par value of ₱5.00 per share
SGLPC	SMC Global Light and Power Corp.
Shelf Period	The period of five (5) years from the effective date of the Registration Statement
Shelf Registered Shares	Up to 866,666,700 Series 2 Preferred Shares under Shelf Registration
Shelf Registration	The registration of Series 2 Preferred Shares with a total Offer size of up to ₱65,000,002,500.00
SIDC	Star Infrastructure Development Corporation
SLEX	South Luzon Expressway
SLEX-TR4	SLEX – Toll Road 4
SLEX-TR5	SLEX – Toll Road 5
SMAI	San Miguel Aerocity Inc. doing business under the name and style of "Manila International Airport"
SMC, the Company, the Parent Company or the Issuer	San Miguel Corporation, a corporation incorporated under the laws of the Republic of the Philippines

SMC MRT 7	SMC Mass Rail Transit 7, Inc.
SMC NAIA	SMC NAIA Corporation
SMC Preferred Shares Offer	Series 2 Preferred Shares offered by SMC
SMC SLEX	SMC SLEX Inc.
SMCGP Philippines Energy	SMCGP Philippines Energy Co. Ltd.
SMCTC	SMC TPLEX Corporation
SMEII	San Miguel Equity Investments, Inc.
SMFB	San Miguel Food and Beverage, Inc.
SMBIL	San Miguel Brewing International Limited and its subsidiaries
SMFI	San Miguel Foods, Inc.
San Miguel Global Power or SMGP	San Miguel Global Power Holdings Corp.
SMGP BESS	SMGP BESS Power Inc.
SMGP Kabankalan	SMGP Kabankalan Co. Ltd.
SMHC	San Miguel Holdings Corp.
SMMI	San Miguel Mills, Inc.
SMPFVN	San Miguel Pure Foods (Vn) Co., Ltd.
SMPI	San Miguel Properties, Inc.
SMSCCI	San Miguel Super Coffeemix Co., Inc.
SMYPC	San Miguel Yamamura Packaging Corporation
SMYPIL	San Miguel Yamamura Packaging International Limited
SPA	Special Power of Attorney
SPCS	Senior Perpetual Capital Securities
SRC	Securities Regulation Code of the Philippines (Republic Act No. 8799)
SRC IRR	2015 Implementing Rules and Regulations of the SRC, as amended from time to time.
SRHI	San Roque Hydropower Inc.
SSS	Social Security System
SST	Sales and Services Tax
STAR	Southern Luzon Arterial Road tollway
STOA	Supplemental Toll Operations Agreement
SYFMC	SMC Yamamura Fuso Molds Corporation
TADHC	Trans Aire Development Holdings Corp.
The Group or SMC Group	SMC and its subsidiaries

Top Frontier	Top Frontier Investment Holdings, Inc.
TPLEX	Tarlac-Pangasinan-La Union Expressway
Trading Days	A day, other than a public non-working holiday, Saturday or Sunday, on which there is trading on the facilities of the PSE.
Trading Participants	Trading Participants of the PSE
Transfer Pricing Regulations	BIR Regulation No. 2-2013 on Transfer Pricing Regulations
TRB	Toll Regulatory Board of the Philippines
ULC BVI	Universal LRT Corporation (BVI) Limited
UNCLOS	United Nations Convention on the Law of the Sea
Underwriting Agreement	Underwriting agreement to be entered into by SMC with the Joint Lead Underwriters and Bookrunners
VAT	Value-added tax
WESM	Wholesale electricity spot market

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and audited financial statements, including notes thereto, found in the appendices of this Offer Supplement. The meaning of terms not defined in this summary can be found elsewhere in this Offer Supplement.

Prospective investors should read this entire Offer Supplement fully and carefully, including the section on “Risk Factors”. In case of any inconsistency between this summary and the more detailed information contained elsewhere in this Offer Supplement, then the more detailed portions, as the case may be, shall at all times prevail.

Brief Description of the General Nature and Business of the Company

SMC, together with its subsidiaries (collectively referred to as the “**Group**”), is one of the largest and most diversified conglomerates in the Philippines by revenues and total assets, with sales equivalent to approximately 6.0% of the Philippine Gross Domestic Product in 2024.

Originally founded in 1890 as a single product brewery in the Philippines, SMC today owns market-leading businesses and investments in various sectors, including beverages, food, packaging, energy, fuel and oil, infrastructure, cement, property development and leasing, car distributorship, and banking services. SMC has a portfolio of companies that is interwoven into the economic fabric of the Philippines, benefiting from, as well as contributing to the development and economic progress of the nation. The common shares of SMC were listed on the Manila Stock Exchange, now The Philippine Stock Exchange, Inc. (“**PSE**”) on November 5, 1948.

Since adopting its business diversification program in 2007, SMC has channeled its resources into what it believes are attractive growth sectors, which are aligned with the development and growth of the Philippine economy. SMC believes that continuing this strategy and pursuing growth plans within each business will achieve a more diverse mix of sales and operating income, and better position for SMC to access capital, present different growth opportunities, and mitigate the impact of downturns and business cycles.

SMC, through its subsidiaries and affiliates, has become a market leader in its businesses with 59,884 regular employees and more than 100 production facilities in the Asia-Pacific region as of June 30, 2025. SMC’s extensive portfolio of products include beer, spirits, non-alcoholic beverages (“**NAB**”), poultry, animal feeds, flour, fresh and processed meats, dairy products, coffee, various packaging products, a full range of refined petroleum products and cement products, most of which are market leaders in their respective markets. Through its subsidiaries, San Miguel Global Power and SMC Infrastructure, it operates one of the Philippines’ largest and most diversified power portfolios, including gas, coal, battery storage, hydro and natural gas, and holds concession rights to over 1,160 kilometers of roads across Metro Manila and key regions of Luzon. In addition, SMC contributes to the growth of downstream industries and sustains a network of hundreds of third-party suppliers.

Through the partnerships it has forged with major international companies, the Group has gained access to the latest technologies and expertise, thereby enhancing its status as a world-class organization.

SMC continues to develop strategic partnerships with global industry leaders. SMC’s current partners include Kirin Holdings Company Limited (“**Kirin**”) for beer, Hormel Netherlands B.V. (“**Hormel**”) for processed meats, Korea-Water Resources Corporation (“**K-Water**”) for the power business and Nihon Yamamura Glass Co. Ltd. (“**NYG**”) and Fuso Machine & Mold Manufacturing Co. Ltd. (“**Fuso**”) for packaging products.

Businesses

Food and Beverage

San Miguel Food and Beverage, Inc., (“**SMFB**”) is a leading food and beverage company in the Philippines. The brands under which SMFB produce, market, and sell its products are among the most recognizable and top-of-mind brands in the industry and hold market-leading positions in their respective categories. Key brands in the SMFB portfolio include San Miguel Pale Pilsen, San Mig Light and Red Horse for beer, Ginebra San Miguel for gin, Magnolia for chicken, dairy, ice cream, flour mixes and salad aids, Monterey for fresh and marinated meats, Purefoods and Purefoods Tender Juicy for refrigerated, prepared and processed meats and canned meats, Star for non-refrigerated margarine and processed meats, Dari Creme for refrigerated margarine, San Mig Super Coffee for coffee, B-MEG for animal feeds, and NutriChunks and AlphaPro for dog food.

SMFB has three primary operating divisions – (i) Beer and NAB, (ii) Spirits, and (iii) Food. The Beer and NAB and Spirits divisions comprise the beverage business (the “**Beverage business**”). SMFB operates its Beverage business through San Miguel Brewery Inc. and its subsidiaries (“**SMB**” or the “**Beer and NAB Division**”) and Ginebra San Miguel Inc. and its subsidiaries (“**GSMI**” or the “**Spirits Division**”). The Food business (the “**Food Division**”) is managed through a number of other subsidiaries engaged in the food and animal feeds, pet care and veterinary medicines businesses including San Miguel Foods, Inc. (“**SMFI**”), Magnolia Inc. (“**Magnolia**”), The Purefoods-Hormel Company, Inc. (“**Purefoods-Hormel**”), San Miguel Mills, Inc. (“**SMMI**”) and San Miguel Super Coffeemix Co., Inc. (“**SMSCCI**”). SMFB serves the Philippine archipelago through an extensive distribution and dealer network and exports its products to almost 70 markets worldwide.

Beer and NAB Division

The Beer and NAB Division is the largest producer of beer in terms of both sales and volume in the Philippines, offering a wide array of beer products across various segments and markets. Top beer brands in the Philippines include San Miguel Pale Pilsen, Red Horse, San Mig Light, and Gold Eagle. Its flagship brand, San Miguel Pale Pilsen, has a history of over 130 years which was first produced by La Fabrica de Cerveza de San Miguel, which started as single brewery producing a single product in 1890 and has evolved through the years to become the diversified conglomerate that is SMC. The Beer and NAB Division also produces NAB such as ready-to-drink tea, ready-to-drink juice, and carbonates.

SMB markets its beer under the following brands: San Miguel Pale Pilsen, Red Horse, Red Horse Super, San Mig Light, San Miguel Flavored Beer, San Miguel Super Dry, San Miguel Premium All-Malt, San Miguel Cerveza Negra, San Miguel Cerveza Blanca, San Mig Zero and Gold Eagle. SMB also produces San Mig Free, an alcohol-free, non-fermented beverage with no added caloric and non-caloric sweeteners, as well as San Mig Hard Seltzer, an easy-to-drink alcoholic beverage made from sparkling water with alcohol in citrus mix flavor. Further, SMB exclusively distributes Kirin Ichiban in the Philippines.

In 2024, SMB launched the limited-edition San Miguel Chocolate Lager, a full-bodied dark beer with a rich dark chocolate taste, subtle caramel notes, and topped with a creamy head that brings out a delectable roasted malt aroma.

SMB’s NAB business portfolio includes Magnolia Cali, a sparkling non-alcoholic drink, Magnolia Healthtea (ready-to-drink tea), Magnolia Fruit Drink (ready-to-drink juice), and Magnolia Flavored Water (still flavored water).

San Miguel Brewing International Limited and its subsidiaries (“**SMBIL**”) also offer the San Miguel Pale Pilsen, San Mig Light brands in Hong Kong, China, Thailand, Vietnam, Indonesia, and most export markets, and Red Horse in Thailand, China, Hong Kong, Vietnam, and selected export markets, as well as Red Horse Super in key African export markets, in addition to locally available brands: Valor and Blue Ice (Hong Kong), Dragon (South China), W1N Bia (Vietnam), and Anker and Kuda Putih (Indonesia).

SMBIL likewise sells a portfolio of specialty beers including San Mig Zero in Thailand and United Arab Emirates, San Miguel Flavored Beer in Vietnam, Taiwan, Japan, United Arab Emirates, and the United States, San Miguel Cerveza Negra in Hong Kong, China, Vietnam, Indonesia, Thailand, United States, South Korea, and Taiwan, as well as San Miguel Cerveza Blanca in Hong Kong, Thailand, Vietnam, Indonesia, South Korea, Singapore, and Taiwan.

Meanwhile, as part of its NAB portfolio, SMBIL carries San Miguel NAB and San Miguel Flavored NAB in Korea and Saudi Arabia.

Spirits Division

The Spirits Division is the leading spirits producer in the Philippines and the largest gin producer internationally by volume. It is the market leader in gin and Chinese wine in the Philippines. GSMI produces some of the most recognizable spirits in the Philippine market, including gin, Chinese wine, brandy, vodka, rum and other spirits. GSMI traces its roots to a family-owned Spanish era distillery that introduced the Ginebra San Miguel brand in 1834. The distillery was then acquired by La Tondeña Incorporada in 1924, and thereafter by SMC in 1987 to form La Tondeña Distillers, Inc. In 2003, it was renamed to Ginebra San Miguel Inc. in honor of the pioneering gin brand.

GSMI has a diverse product portfolio that caters to the varied preference of the local market. Core brands Ginebra San Miguel, GSM Blue and Vino Kulafu, the leading brands in the gin and Chinese wine categories, accounted for 99% of GSMI’s total revenues. The other products that complete the liquor business of GSMI comprise about 1% of its total

revenues.

GSMI has also made a strategic foray into the premium segment through 1834 Premium Distilled Gin and Archangel Reserve, underscoring its capability to compete in higher-value categories and positioning the company to capture growth opportunities in the expanding premium spirits market.

In addition to its domestic presence, GSMI exports products to markets with high concentration of Filipino communities such as the United Arab Emirates, Taiwan, India, Cayman Islands, New Zealand, Canada, Japan, Australia, Hong Kong, Saipan, Macau and the United States of America. It also produces Tondeña Manila Rum that is for export only.

Food Division

The Food Division produces a wide range of food products. Its brand portfolio includes some of the most recognizable and well-regarded brands in the Philippines, such as *Magnolia*, *Monterey*, *Purefoods*, *Purefoods Tender Juicy*, *Star*, *Dari Crème*, *San Mig Super Coffee* and *B-MEG*.

The key operating segments, products, brands and services for each of the primary businesses of the Food Division: Prepared and Packaged Food, Animal Nutrition and Health, Protein and Others.

- a) **Prepared and Packaged Food** - The Prepared and Packaged Food segment includes refrigerated meats, canned meats, ready-to-eat meals, dairy, ice cream, spreads, salad aids, and coffee. The major operating subsidiaries for the Prepared and Packaged Food segment are Purefoods-Hormel, Magnolia and SMSCCI. Purefoods-Hormel, a 60:40 joint venture with Hormel Netherlands, B.V. produces and markets value-added refrigerated processed meats and canned meat products. The joint venture agreement, which was entered into in 1998 sets out the parties' agreement as shareholders of Purefoods-Hormel, including, among others, provisions on technical assistance and sharing of know-how, the use of trademarks, fundamental matters requiring shareholders or Board of Director's approval, exclusivity covenants, and restrictions on the transfer of Purefoods-Hormel shares.

Value-added refrigerated meats include hotdogs, nuggets, bacon, hams, and other ready-to-eat meals and meat free products, which are sold under the brand names *Purefoods*, *Purefoods Tender Juicy*, *Star*, *Higante*, *Purefoods Beefies*, *Vida*, *Purefoods Nuggets*, *Purefoods Ready-to Eat* and *Veega*. Canned meats, such as corned beef, luncheon meats, sausages, sauces, meat spreads and ready-to-eat viands, are sold under the *Purefoods*, *Star* and *Ulam King* brands.

The dairy and spreads business, primarily operated through Magnolia, manufactures and markets a variety of bread spreads, milk, ice cream, salad aids and flour mixes. Bread spreads include butter, refrigerated and non-refrigerated margarine and cheese sold primarily under the *Magnolia*, *Dari Crème*, *Star*, and *Cheezee*, *Quickmelt*, *Daily Quezo*, and *Buttercup* brands. Dairy products under the *Magnolia* brand include ready-to-drink milk, *Magnolia Pure Fresh Milk* and *Chocolait*, *Gold Label* ice cream and all-purpose cream. Flour mixes and salad aids like mayonnaise, sandwich spreads and dressings, are likewise marketed and sold under the *Magnolia* brand. The margarine brands, *Star* and *Dari Crème*, established in 1931 and 1959 respectively, were acquired in the 1990s. Magnolia previously marketed jelly-based snacks under the *Jellyace* brand, until said trademark and other trademarks used in the jelly-based snacks business were divested in May 2021. Moreover, Magnolia also used to manufacture and sell biscuits under the *La Pacita* brand until it ceased operations at its manufacturing facility in October 2021. The *La Pacita* brand and other trademarks used in the biscuits business were divested in March 2023.

The coffee segment under SMSCCI is a 70:30 joint venture between SMFB and a Singaporean partner, Jacobs Douwe Egberts RTL SCC SG Pte. Ltd., formerly Super Coffee Corporation Pte. Ltd. SMSCCI imports, packages, markets, and distributes coffee mixes in the Philippines.

- b) **Animal Nutrition and Health** - The Animal Nutrition and Health segment produces integrated feeds, pet care products, and veterinary medicines. The operating subsidiary for the Animal Nutrition and Health segment is SMFI. Commercial feed products include hog feeds, layer feeds, broiler feeds, free range fowl feeds, duck feeds, aquatic feeds, quail feeds, branded feed concentrates, and specialty and customized feeds. These feeds are sold and marketed under various brands such as *B-Meg*, *B-Meg Premium*, *B-MEG Expert*, *B-MEG Bonanza*, *B-MEG Mega Mash*, *Jumbo*, *B-MEG Integra*, *B-MEG Powermaxx*, *B-MEG Essential*, and *Pureblend*. SMFI likewise produces and sells dog food under the *Nutri Chunks* and *AlphaPro* brands and cat food under the

Majesty brand. Other dog treats and supplements are also marketed under *NutriChunks*. Further, SMFI sells various veterinary medicines and preparations under *San Miguel Animal Health Care*.

- c) **Protein** - SMFI is also the operating subsidiary for the business' Protein segment, which sells poultry and fresh meats products. The poultry segment operates a vertically-integrated production process that spans from broiler breeding to producing and marketing chicken products, primarily for retail. Its broad range of chicken products is sold under the *Magnolia* brand, which includes fresh-chilled or frozen whole and cut-up products. A wide variety of fresh and easy-to-cook products, such as those under the brand *Magnolia Chicken Timplados*, are sold in supermarkets, *Manukang Bayan*, wet markets and through community sellers. The poultry segment also sells customized products to foodservice, supplies supermarket house brands, serves chicken products to wet markets through distributors, and sells live chickens to dealers.

The fresh meats segment breeds, grows and processes hogs and trades beef and pork products. Its operations include breeding, growing, and slaughtering live hogs and processing beef and pork carcasses into primal and sub-primal meat cuts. These specialty cuts and marinated products are sold in neighborhood meat shops under the well-recognized *Monterey* brand name.

- d) **Others** - Flour milling, the manufacture and marketing of premixes and baking ingredients, foodservice and international operations are categorized under Others. The bulk of this segment is accounted for by the flour milling business and grain terminal operation.

The flour milling segment operates under SMMI. SMMI owns Golden Bay Grain Terminal Corporation, which provides grain handling services (e.g. unloading, storage, bagging, and outloading) to clients, and Golden Avenue Corp., which holds investment in real properties.

The flour milling segment offers a variety of flour products that includes bread flour, noodle flour, biscuit and cracker flour, all-purpose flour, cake flour, whole wheat flour, customized flour, and flour premixes, such as pancake mix, cake mix, brownie mix, *pan de sal* mix, and *puto* (or rice cake) mix. The business pioneered the development of customized flours for specific applications, such as noodles and *pan de sal*, a soft bread commonly eaten in the Philippines for breakfast. Flour products are sold under brand names which enjoy strong brand loyalty among its institutional clients and other intermediaries, such as bakeries and biscuit and noodle manufacturers.

The Food Division currently has operations in Vietnam. San Miguel Foods Investment (BVI) Limited, which operates San Miguel Pure Foods (Vn) Co., Ltd. ("**SMPFVN**") in Vietnam, is a wholly-owned subsidiary of San Miguel Foods International, Limited. It is in the business of production and marketing of processed meats which are sold under the *Le Gourmet* brand. PT San Miguel Foods Indonesia is a 75:25 joint venture with PT Hero Intiputra of Indonesia, and engaged in the production and sale of processed meats sold under the *Farmhouse* and *Vida* brands, until it ceased operations on October 31, 2021.

Great Food Solutions ("**GFS**"), a group under SMFI is the foodservice selling arm of the Prepared and Packaged Food and Flour Milling segments primarily catering to key foodservice chain accounts. These include quick service restaurants, convenience stores, pizza chains, and bakeshops. GFS markets and sells foodservice formats of the value-added meats, dairy, spreads, coffee, and flour businesses. For smaller foodservice accounts, the subsidiaries under the Prepared and Packaged Food segment, through San Miguel Integrated Sales, engage third-party distributors for the selling and distribution of their products.

Packaging

The packaging business began operations in 1938 with the establishment of a glass plant that supplied glass bottles for the beer and NAB products of SMC. Collectively known as the Packaging Group, the business is comprised of San Miguel Yamamura Packaging Corporation ("**SMYPC**"), San Miguel Yamamura Packaging International Limited ("**SMYPIL**") and their respective subsidiaries which are both joint venture companies of SMC and NYG, SMC Yamamura Fuso Molds Corp. ("**SYFMC**"), the only manufacturer of glass and plastics molds in the country and a joint venture between SMYPC and Japan's Fuso, Can Asia, Inc. ("**CAI**"), a pioneer in the production of two-piece aluminum cans, Wine Brothers Philippines Corporation, involved in the sale and distribution of wine products and Mindanao Corrugated Fireboard, Inc. ("**Mincorr**"), a manufacturer of paper corrugated carton.

SMYPC owns all the domestic plants of the Packaging Group, except the corrugated carton plant, Mincorr, which is 100% owned by SMC. Mincorr is, nevertheless, being managed by SMYPC.

The Packaging Group manages one of the largest packaging operations in the Philippines with diversified businesses producing glass, molds, metal and plastic closures, aluminum cans, plastic bottles, pallets and crates, flexibles, paper, and other packaging products that offer a total packaging solution. The Packaging Group also provides services such as beverage filling for Polyethylene Terephthalate (“**PET**”) bottles, aluminum cans, and glass bottles, pallet leasing, and logistics services.

It is the major provider of packaging requirements of other business units of SMC and a supplier of its products to customers, which include major multinational corporations in the Philippines, including Coca-Cola Beverages Philippines, Inc., Nestle Philippines, Inc., and Pepsi Cola Products Philippines, Inc.

The Packaging Group also caters to customers across the Asia Pacific region, the United States of America, and Australasia, including San Miguel Beer Breweries in China, Vietnam, Indonesia, and Thailand. Notably, it operates 18 international packaging companies located in China (glass, plastic, paper and trading of packaging products), Vietnam (glass and metal), Malaysia (composite, plastic films, woven bags, and radiant/thermal liners), Australia (trading of packaging products, retail/online packaging, cargo protection and materials-handling products, plastic manufacturing, wine closures, and wine filling services) and New Zealand (plastic manufacturing and trading of packaging products).

The Packaging Group’s businesses are as follows:

- a) **Glass** - The glass business is the Packaging Group’s largest business segment. Currently, there are three glass manufacturing facilities, and one glass and PET mold plant in the Philippines, which service the requirements of the industrial sector, beverage, food, chemical, personal care, and health care industries.
- b) **Metal** - The metal business manufactures metal caps, crowns, resealable caps, and two-piece aluminum beverage cans for a range of industries that include beer, spirits, soft drinks, condiments, and food. In 2012, SMYPC formed CAI, as a joint venture with CANPACK S.A. (“**CANPACK**”), to modernize the two-piece aluminum can manufacturing business. In 2018, CAI expanded its product line to offer 180 ml aluminum cans. Utilizing the know-how and technologies of CANPACK on can manufacturing, CAI is now capable to produce aluminum cans and ends in three categories - regular (standard), sleek, and slim cans. CAI operates the pioneer two-piece aluminum can plant in the Philippines.

On September 29, 2022, SMYPC and CANPACK executed a Share Purchase Agreement for the purchase by SMYPC of the 3,500,000 common shares of CANPACK in CAI, giving SMYPC 100% ownership of CAI. As of June 30, 2025, CAI is capable of producing six can sizes.

- c) **Plastics** - The plastics business, the second largest business of the Packaging Group, produces crates and pallets, poultry flooring, plastic bottles, PET preforms and bottles, plastic caps and handles to serve the beer, liquor, non-alcoholic beverages, food, pharmaceutical, personal care, petroleum, and industrial applications industries.
- d) **Beverage Filling** - The beverage filling operations is capable of filling beverages in two-piece aluminum cans as well as PET and glass bottles. The business has expanded its capability to include a retort process to serve coffee, milk, and chocolate drinks.
- e) **Paper** - The paper business produces corrugated cartons and partition boxes. It supplies the carton packaging needs of a broad range of manufacturing and agricultural industries.
- f) **Composites/Flexibles** - The composites/flexible packaging business manufactures flexible packaging, plastic films, industrial laminates, trademarked *EnviroTuff* radiant barrier and woven bags. Customers for this segment include companies in the food, beverages, personal care, chemical and healthcare industries. It also provides composite materials for various industries including construction, semiconductor, and electronics sectors.

Energy

The Energy business, which is conducted through San Miguel Global Power Holdings Corp. (“**San Miguel Global Power**”, formerly SMC Global Power Holdings Corp.), together with its subsidiaries, associates and joint ventures, is one of the

largest power companies in the Philippines, controlling 6,080 MW of combined capacity as of December 31, 2024. Based on the total installed generating capacities reported in the ERC Resolution on Grid Market Share Limitation and corresponding press release dated March 17, 2025 issued by the ERC (using January to December 2024 operations data for generation facilities), SMC's market share was approximately 22% of the National grid, 28% of the Luzon grid, 5% of the Visayas grid and 9% of the Mindanao grid. Market share is computed by dividing the relevant installed generating capacity for the period by the total installed generating capacity of Luzon grid, Visayas grid, Mindanao grid or National grid (19,419,592 kW, 3,383,868 kW, 4,292,586 kW and 27,096,046 kW, respectively based on data provided under the ERC Resolution on Grid Market Share Limitation). San Miguel Global Power benefits from a diversified power portfolio, including natural gas, coal and renewable energy such as hydroelectric power and battery energy storage systems ("**BESS**"). This portfolio includes:

- a) the power plant subject of the Independent Power Producer Administration ("**IPPA**") Agreement with the Power Sector Assets and Liabilities Management Corp. ("**PSALM**"), specifically the San Roque Multipurpose Hydroelectric Power Plant in San Manuel, Pangasinan, the output of which are being administered by San Roque Hydropower Inc. ("**SRHI**", formerly Strategic Power Devt. Corp.), a wholly-owned subsidiary of San Miguel Global Power;
- b) the Angat Hydroelectric Power Plant in Angat, Bulacan, owned by Angat Hydropower Corporation ("**Angat Hydro**"), whose outstanding capital stock is 60% owned by San Miguel Global Power through its wholly-owned subsidiary, PowerOne Ventures Energy Inc. ("**PVEI**");
- c) the Masinloc Coal-Fired Power Plant ("**Masinloc Power Plant**"), and the 35.285 MWh BESS Project all located in Masinloc, Zambales, owned by Masinloc Power Co. Ltd. ("**MPCL**", formerly Masinloc Power Partners Co. Ltd.). MPCL also intends to further expand the Masinloc Power Plant by constructing additional units utilizing supercritical pulverized coal technology (Units 4 and 5) with a planned gross installed capacity of 350 MW each which are targeted for completion in 2026;
- d) the BESS facilities of SMGP BESS Power Inc. ("**SMGP BESS**", formerly Universal Power Solutions, Inc.) in various locations nationwide with a total installed capacity of 480 MWh, which commenced commercial operations in 2023 and 2024;
- e) the 20 MWh BESS facility in Kabankalan, Negros Occidental ("**Kabankalan BESS**"), owned by SMGP Kabankalan Co. Ltd. ("**SMGP Kabankalan**", formerly SMCGP Philippines Energy Storage Co. Ltd.), which is contracted under an Ancillary Service Procurement Agreement with the National Grid Corporation of the Philippines ("**NGCP**") with a term of five years which commenced in January 2022; and
- f) the Circulating Fluidized Bed Coal-Fired Greenfield Power Plants owned and developed by San Miguel Global Power, namely: the **Limay Greenfield Power Plant** in Limay, Bataan, owned by Limay Power Inc. ("**LPI**"), the **Davao Greenfield Power Plant** in Malita, Davao Occidental, owned by Malita Power Inc. ("**MPI**") and the **Mariveles Greenfield Power Plant** in Mariveles, Bataan, owned by Mariveles Power Generation Corporation ("**MPGC**"). Units 1, 2, 3 and 4 of the Limay Greenfield Power Plant commenced commercial operations in May 2017, September 2017, March 2018 and July 2019, respectively. Units 1 and 2 of the Davao Greenfield Power Plant commenced commercial operations in July 2017 and February 2018, respectively. Units 1, 2 and 3 of the Mariveles Greenfield Power Plant commenced commercial operations in March 2024, September 2024 and October 2024, respectively.
- g) The Batangas Combined Cycle Power Plant ("**BCC Power Plant**"), a 1,320 MW combined cycle power plant in Barangays Ilijan and Dela Paz Proper, Batangas utilizing re-gasified liquefied natural gas ("**LNG**") as fuel.

On March 1, 2024, Meralco PowerGen Corporation ("**MGen**") and Therma NatGas Power, Inc. ("**TNGP**", a subsidiary of Aboitiz Power Corporation), through their joint venture entity (MGen and TNGP shareholdings at 60% and 40% each, respectively), Chromite Gas Holdings, Inc. ("**Chromite Gas Holdings**") entered into binding agreements with SMGP and its relevant subsidiaries for Chromite Gas Holdings to jointly invest for a 67% equity interest in each of the following SMGP gas-fired power plants and assets: (i) the operating Ilijan Power Plant owned by SPPC, (ii) the adjacent BCC Power Plant owned by Excellent Energy Resources, Inc. ("**EERI**"), and (iii) land owned by IPIEC where the BCC Power Plant, the Batangas LNG Terminal and their respective related facilities are located. SMGP and Chromite Gas Holdings also entered into a binding agreement to jointly acquire Linseed Field Corporation ("**LFC**") the developer of the Batangas LNG Terminal. The Batangas LNG Terminal is an integrated LNG import terminal at Barangay Ilijan, Batangas City, adjacent to the Ilijan Power Plant and the

BCC Power Plant, which is designed to utilize onshore regasification and storage facilities supplemented with a floating storage unit. The foregoing investments are collectively referred to as the “**Chromite Transactions**”.

On December 23, 2024, the Philippine Competition Commission announced its decision to approve the transactions and on January 27, 2025, SMGP announced the completion of the Chromite Transactions. Following such completion, SMGP retains a 33% interest in each of SPPC, EERI and IPIEC and approximately 33% of LFC.

San Miguel Global Power was also issued retail electricity supplier licenses, through LPI, MPI and MPCL, which allow it to enter into contracts with contestable customers and expand its customer base.

San Miguel Global Power, through its subsidiaries SPI, SRHI, AHC, LPI, MPI, SMGP Kabankalan, SMGP BESS, MPCL and MPGC, sells power through offtake agreements directly to customers, including the Manila Electric Company (“**Meralco**”) and other distribution utilities, electric cooperatives, industrial customers and the NGCP, or through the Wholesale Electricity Spot Market (“**WESM**”).

San Miguel Global Power is currently undertaking the following expansion projects through its subsidiaries:

- a) The BESS Project, which is currently undertaken through SMGP Kabankalan, SMGP BESS and MPCL, will provide an additional ~1,000 MWh capacity to the Energy business’ existing power portfolio. Of these ~1,000 MWh BESS projects, 500 MWh across 17 sites attained commercial operations as of June 2025, including the 30 MWh Kabankalan (Phase 1 and 2) and 20 MWh Masinloc (Phase 2). Three BESS facilities with a combined capacity of 110 MWh located in the provinces of Tarlac, Leyte and Misamis Oriental commenced commercial operations in March 2024 while BESS facilities with a total capacity of 70 MWh across three sites and another 110 MWh across three sites are expected to be completed in 2025 and 2026, respectively.
- b) Units 4 and 5 of the Masinloc Power Plant with a planned gross installed capacity of 350 MW each will utilize supercritical pulverized coal technology, considered as another expansion project by MPCL after it completed Unit 3 in September 2020.

Fuel and Oil

SMC operates its fuel and oil business through Petron Corporation (“**Petron**”), which is involved in refining crude oil and marketing and distribution of refined petroleum products mainly in the Philippines and Malaysia. Petron is the largest and the only oil refining and marketing company in the Philippines and a leading player in the Malaysian market. Petron has a combined refining capacity of 268,000 barrels per day. Petron participates in the retail (service station), industrial, lube, and liquefied petroleum gas sectors. In addition, Petron is also engaged in non-fuels business by capitalizing on the reacquired Treats convenience stores and earning income from billboards and locators, situated within the premises of the service stations.

Petron owns and manages the most extensive oil distribution infrastructure in the Philippines. Petron has extensive network of around 1,800 retail service stations in the Philippines and more than 800 retail service stations in Malaysia as of December 31, 2024. Petron also exports various petroleum products and petrochemical feedstock, including LSWR, gasoline, diesel, jet fuel, LPG, molten sulfur, naphtha, mixed xylene, benzene, toluene and propylene, to customers in the Asia-Pacific region.

In the Philippines, Petron owns the Petron Bataan Refinery complex located in Limay, Bataan, which is a 180,000 barrel-per day full conversion refinery. The Petron Bataan Refinery is capable of producing a range of all white petroleum products such as LPG, naphtha, gasoline, kerosene, jet fuel and diesel, with no residual fuel oil production. It also produces petrochemical feedstocks benzene, toluene, mixed xylene, and propylene. It has its own product piers and two offshore berthing facilities, one of which can accommodate very large crude oil carriers. Petron also owns a refinery in Malaysia with a capacity of 88,000 barrels per day, a palm oil methyl ester plant with an annual capacity of 78,000 metric tons and 10 product terminals, with presence in the airport segment through a 20% ownership of a multi-product pipeline to Kuala Lumpur International Airport.

Infrastructure

The infrastructure business, conducted through San Miguel Holdings Corp. doing business under the name and style of SMC Infrastructure (“**SMHC**”), consists of investments in companies that hold long-term concessions in the infrastructure sector in the Philippines. Current operating toll roads include the South Luzon Expressway (“**SLEX**”), Skyway Extension, Skyway Stages 1, 2 and 3, the Southern Tagalog Arterial Road (“**STAR**”), Tarlac-Pangasinan-La Union Toll Expressway (“**TPLEX**”) and NAIA Expressway (“**NAIAX**”). Ongoing projects include Skyway Stage 4, the extension of SLEX - Toll Road 4 (“**SLEX TR4**”), SLEX - Toll Road 5 (“**SLEX TR5**”), Pasig River Expressway (“**PALEX**”), Southern Access Link Expressway (“**SALEX**”), Northern Access Link Expressway (“**NALEX**”), Cavite-Batangas Expressway (“**CBEX**”), Nasugbu-Bauan Expressway (“**NBEX**”), Pangasinan Link Expressway (“**PLEX**”), TPLEX Extension, Metro Rail Transit Line 7 (“**MRT-7**”), NAIA Rehabilitation and Manila International Airport (“**MIA**”). It also operates and is currently expanding the Boracay Airport, has investments in Manila North Harbour Port Inc. (“**MNHPI**”), holds concession rights in Luzon Clean Water Development Corporation (“**LCWDC**”) for the Bulacan Bulk Water Supply Project and its most recent acquisition of the Bulakan and Obando water companies.

SLEX / Skyway Stages 1 and 2 / Skyway Extension

As of March 5, 2015, SMHC has a 95% stake in Atlantic Aurum Investments B.V. (“**AAIBV**”), a company which has the following shareholdings:

- 80.0% stake in SMC SLEX Inc. (“**SMC SLEX**”) through SMC SLEX Holdings Company Inc., a wholly-owned subsidiary of AAIBV. SMC SLEX holds the 30-year concession rights to the SLEX TR1 - TR3, which currently spans 36.1 kilometers (km) from Alabang, Muntinlupa to Sto. Tomas, Batangas, and SLEX TR4, which runs a total length of 66.74 km that will extend the current SLEX alignment from Sto. Tomas, Batangas to Lucena City, Quezon. SLEX is one of the three major expressways that link Metro Manila to the key southern provinces of the Philippines, including Cavite, Laguna, Batangas, Rizal and Quezon (“**CALABARZON**”).
- AAIBV also holds 87.84% beneficial ownership in SMC Skyway Corporation (SMC Skyway), through SMC Tollways Corporation, a wholly-owned subsidiary of AAIBV. SMC Skyway holds the 30-year concession rights to construct, operate and maintain the 29.31 km Skyway Stage 1 and 2 Project. The Skyway Extension connects the Skyway Elevated Section from Sucat to Susana Heights in SLEX, providing direct access to and from the elevated section of the Skyway by adding new elevated lanes, three northbound and two southbound. The project aims to decongest traffic along SLEX heading to Alabang and the Alabang viaduct.

Ownership of SMHC in AAIBV remains at 95% since 2015.

STAR Tollway

SMHC, through Cypress Tree Capital Investments, Inc. has an effective 100% interest in Star Infrastructure Development Corporation (“**SIDC**”). SIDC holds the 36-year Build-Transfer-Operate (“**BTO**”) concession rights of the STAR Project consisting of: Stage 1 - operation and maintenance of the 22.16 km toll road from Sto. Tomas to Lipa City; and Stage 2 - financing, design, construction, operation and maintenance of the 19.74 km toll road from Lipa City to Batangas City.

TPLEX

SMHC, through its subsidiary, SMC TPLEX Holdings Company Inc., owns a 72.55% equity interest in SMC TPLEX Corporation (“**SMCTC**”). SMCTC is a company which holds the 35-year BTO concession rights to construct, operate and maintain an 89.21 km toll expressway from La Paz, Tarlac, through Pangasinan, to Rosario, La Union. The stretch from Tarlac to Pozzorubio, Pangasinan has been operational since December 2017. The last phase from Pozzorubio to Rosario, La Union was completed and has been operational since July 15, 2020.

NAIAX

On May 31, 2013, SMHC incorporated SMC NAIAX Corporation (“**SMC NAIAX**”). SMC NAIAX, a company that holds the 30-year BTO concession rights for the construction and operation of the NAIAX – a four-lane elevated expressway with end-to-end distance of 5.46 km that provides access to NAIA Terminals 1, 2 and 3. NAIAX connects to the Skyway system, the Manila-Cavite Toll Expressway (“**CAVITEX**”) and the Entertainment City of the Philippine Amusement and Gaming Corporation. NAIAX became fully operational in July 2017. On March 1, 2024, the NAIAX Tramo Connecting ramp was opened to the public. It is an 0.8-km elevated viaduct connecting NAIAX and Tramo flyover.

Skyway Stage 3

On February 28, 2014, SMHC through AAIBV incorporated Stage 3 Connector Tollways Holdings Corp. (“**S3HC**”), which holds an 80% ownership interest in SMC Skyway Stage 3 Corporation. SMC Skyway Stage 3 Corporation holds the 30-year concession rights to design, finance and construct the Skyway Stage 3, an elevated roadway with a total length of approximately 17.93 km from Buendia Avenue in Makati to Balintawak, Quezon City and is connected to the existing Skyway Stages 1 and 2. Skyway Stage 3 inter-connects the northern and southern cities of Metro Manila to help decongest traffic within the National Capital Region and stimulate the growth of trade and industry in Luzon, outside of Metro Manila.

On March 15, 2016, AAIBV transferred its 100% ownership interest in S3HC to SMC Tollways Corporation, its 100% wholly owned subsidiary.

On April 16, 2019, a stockholder of SMC Skyway Stage 3 Corporation issued a waiver on its pre-emptive right to subscribe to 10% interest in favor of S3HC. As a result, S3HC’s ownership interest in SMC Skyway Stage 3 Corporation increased to 90%.

End-to-end alignment (main alignment) was completed and partially opened on December 29, 2020. The Skyway Stage 3 Project was formally inaugurated and opened to motorists on January 14, 2021. The Notice to Collect Toll was received last July 1, 2021 from the Toll Regulatory Board (TRB) of the Department of Transportation.

Skyway Stage 4 Project

SMHC, through its subsidiary, SMC Infraventures Inc., owns an 80.01% equity interest in SMC Skyway Stage 4 Corporation. SMC Skyway Stage 4 Corporation holds the concession right to construct Skyway Stage 4, a proposed tollable length of 34.81-km roadway from South Metro Manila Skyway to Batasan Complex, Quezon City. Skyway Stage 4 will serve as another expressway system that aims to further decongest EDSA, C5 and other major arteries of the Metropolis. Further, it aims to provide a faster alternate route and accessibility to the motorist when travelling from the provinces of CALABARZON area to the Metropolis. The project has a concession period of 30 years (from issuance of Toll Operation Certificate for each Phase).

Boracay Airport

SMC, through the 99.92% interest of SMHC in Trans Aire Development Holdings Corp. (“**TADHC**”), is undertaking the expansion of Boracay Airport under a 25-year Contract-Add-Operate-and-Transfer concession granted by the Republic of the Philippines (“**ROP**”), through the Department of Transportation and Communications (now the Department of Transportation). Boracay Airport is the principal gateway to the Boracay Island, a popular resort for passengers traveling from Manila. The airport has seen recent upgrades including a longer runway and accommodation of international flights.

MRT-7

In October 2010, SMC, through SMHC, acquired a 51.0% stake in Universal LRT Corporation (BVI) Limited (“**ULC BVI**”), which holds the 25-year Build-Gradual Transfer-Operate-Maintain concession for MRT-7. MRT-7 is a planned expansion of the metro rail system in Manila which mainly involves the construction of a 22-km mass rail transit system with 14 stations that will start from San Jose del Monte City in Bulacan and end at the integrated LRT-1 / MRT-3 / MRT-7 station at North EDSA. The project also involves a 22-km six lane asphalt highway that will connect the North Luzon Expressway to an intermodal transport terminal in San Jose del Monte City, Bulacan.

As of July 1, 2016, SMC, through SMHC already holds 100% ownership in ULC BVI.

On December 12, 2016, the ROP through the Department of Transportation, gave its consent to the assignment of all the rights and obligations of ULC BVI under the Concession Agreement to SMC Mass Rail Transit 7, Inc. (“**SMC MRT 7**”). SMC through SMHC owns 100% of SMC MRT 7.

On April 22, 2025, MRT-7 and Korail signed an Operations and Maintenance Services Agreement. Under the Agreement, Korail will provide technical expertise and advisory services, helping guide the setup of MRT-7’s core operational systems, safety protocols and maintenance programs. Korail will also perform technical services and provide technical expertise by working closely with MRT-7 for the testing and commissioning, and operations and maintenance of the

MRT-7 Project, to ensure the operations and maintenance of the MRT-7 are performed efficiently and in compliance with relevant standards and regulations. Korail started its service on July 1, 2025.

As of June 25, 2025, the overall accomplishment for the Metro Rail Transit System component is 83.38%.

MNHPI

SMC through SMHC owns 50% of MNHPI as of June 30, 2025. MNHPI is the terminal operator of Manila North Harbor, a 60.96-hectare port facility situated at Tondo, City of Manila. The port has a total berth length of 5,758 meters and 36 berths which can accommodate all types of vessels such as containerized and non-container type vessels. Under the Contract for the Development, Management, Operation and Maintenance of the Manila North Harbor entered with the Philippine Ports Authority on November 19, 2009, the Philippine Ports Authority awarded MNHPI the right to manage, operate, develop, and maintain the Manila North Harbor for 25 years, renewable for another 25 years. MNHPI commenced operations on April 12, 2010.

Bulacan Bulk Water Supply Project

The Bulacan Bulk Water Supply Project aims to provide clean and potable bulk water supply to the province of Bulacan that is environmentally sustainable and with a price that is equitable. The project also aims to help various water districts in Bulacan to meet the increasing water demand of consumers, expand its current service area coverage and increase the number of households served by providing a reliable source of treated bulk water. SMC through SMHC owns 90% of LCWDC, which will serve as the concessionaire for a period of 30 years (inclusive of the two-year construction period). Stage 1 of this project was completed in January 2019 and started supplying potable bulk water to seven Water Service Providers (San Jose del Monte, Marilao, Meycauayan, Obando, Bocaue, Balagtas and Sta. Maria) as of the first quarter of 2019. Stage 2 was completed and started its commercial operations for the other five Water Service Providers (Plaridel, Guiguinto, Bulakan, Malolos and Calumpit) in April 2019.

MIA Project

On September 18, 2019, San Miguel Aerocity Inc. doing business under the name and style of “Manila International Airport” (“**SMAI**”), signed a Concession Agreement (“**CA**”) with the Department of Transportation for the development of MIA. MIA will be governed by a 50-year CA (from issuance of Certificate of Substantial Completion) with the ROP and will be built under a Build-Operate-Transfer (“**BOT**”) framework. The project, which will be located in a 2,500-hectare property in Bulakan, Bulacan, will provide a long-term solution to air connectivity between the Philippines and the rest of the world.

On January 15, 2021, the CA was further enhanced by Republic Act No. 11506 entitled, “An Act Granting San Miguel Aerocity Inc. a Franchise to Construct, Develop, Establish, Operate, and Maintain a Domestic and International Airport in The Municipality of Bulakan, Province of Bulacan, and to Construct, Develop, Establish, Operate, And Maintain An Adjacent Airport City” (the Legislative Franchise). The Legislative Franchise gives SMAI tax exemptions (in general) during the development and operations stages of the project and the power to acquire any private lands forming part of the project. On January 21, 2021, SMAI formally accepted the incentives and obligations under the Legislative Franchise.

MIA will be developed in phases with an initial capacity of 35 million annual passengers (“**MAP**”) and ultimate capacity of 100 MAP, once fully complete. The airport shall primarily be linked by an 8-km toll road to Metro Manila via the North Luzon Expressway, with an integrated multi-modal transport network in the development pipeline.

MIA

As of June 30, 2025, overall progress for the land development works is at 84.62%. Site clearance, land filling works, and ground improvement works are 100.00%, 72.37%, and 94.27% complete, respectively. The San Miguel Team continues to work on the Airport Masterplan along with the critical components of the MIA.

PAREX Project

PAREX is a joint venture project between the Philippine National Construction Corporation (“**PNCC**”) and SMHC. SMHC, through its subsidiary, Pasig River Expressway Corporation, together with the Department of Public Works and Highways (“**DPWH**”), Department of Transportation, and TRB, signed on September 21, 2021 the Supplemental Toll Operations Agreement (STOA) for the financing, construction, operation and maintenance of the PAREX, an elevated

and hybrid 19.37-km expressway, that would pass along the banks of Pasig River from Manila to Taguig. The project has a concession period of 30 years (from the issuance of the Toll Operation Certificate).

SLEX TR5 Project

SLEX TR5, also known as the Quezon-Bicol Expressway, is a 420-km two-lane each direction, toll road project which starts from SLEX TR4 in Brgy. Mayao, Lucena City, Quezon, and ends at Matnog, Sorsogon, near the Matnog Ferry Terminal. The four-lane expressway project shall consist of eight segments: (1) Lucena to Gumaca, Quezon; (2) Gumaca to Tagkawayan, Quezon; (3) Tagkawayan to Sipocot, Camarines Sur; (4) Sipocot to Naga City, Camarines Sur; (5) Naga City to Polangui, Albay; (6) Polangui to Legaspi City, Albay; (7) Legaspi to Sorsogon City, Sorsogon; and (8) Sorsogon City to Matnog, Sorsogon. Centered on the proposal submitted by the joint venture of PNCC and SMHC, the SLEX TR 5 was officially designated as a certified toll road project in a TRB resolution dated June 29, 2020. The STOA was signed on June 3, 2022. The project has a concession period of 30 years (from the issuance of the Toll Operation Certificate).

NALEX Project

NALEX is a 136.4-km toll expressway that aims to connect the MIA, Metro Manila, and Central Luzon. The project is composed of two phases: Phase 1, divided into Section 1 (Skyway Stage 3 Balintawak to MIA), and Section 2 (MIA to Tarlac City and TPLEX), and Phase 2 that runs from Masantol, Pampanga to Tarlac City. The Phase 1 Section 1 is a 19.4-km elevated toll road that begins at Skyway Stage 3 to Balintawak and ends at MIA while the project's Phase 1 Section 2 is an at-grade expressway that runs from MIA to Tarlac City and TPLEX. NALEX Phase 1 shall have a total of 117-km toll road divided into three segments: Bulacan-Guagua (41 km), Guagua-Mabalacat (31 km), and Malabacat-Tarlac (45 km), with 8 interchanges/exits in total. On the other hand, NALEX Phase 2 is a 69.2 km toll road divided into 2 segments: Macabebe-Arayat, and Arayat-Tarlac. This will be a demand-driven expansion that will serve as an alternate route for Phase 1 Section 2. The project intends to provide a more accessible and convenient route from Metro Manila and Central Luzon to MIA, and vice versa.

NALEX is a joint venture project between SMHC and PNCC. On March 21, 2022, the STOA for the financing, construction, operation, and maintenance of the NALEX was signed between the TRB and SMHC. The project has a concession period of 30 years (from the issuance of the Toll Operation Certificate).

SALEX Project

SALEX is a 40.65 km toll elevated expressway network comprising of Section 1: C3-R10 Extension, Section 2 Segment 1: Shoreline Expressway, Section 2 Segment 2: Quirino Extension, and Section 2 Segment 3: Buendia Extension. Section 1 (4.52 km) is a four-lane elevated structure connecting MMSS3 at Sgt. Rivera in Quezon City to Shoreline Expressway at R-10. Section 2 Segment 1 (25.29 km), an elevated six-lane expressway, is the main spine along Manila Bay that will link MMSS3 and PAREX with Shoreline Expressway. It will begin at a connection with NALEX and runs south until it joins PAREX at Delpan Bridge, where it breaks. It will start again from PAREX at Ayala Bridge until it reaches Manila Cavite Toll Expressway (MCTEX) and NAIAX. Section 2 Segment 2, an elevated four-lane structure, starts from the intersection of Quirino Avenue and Osmeña Highway and ends at its connection with the Shoreline Expressway along Roxas Boulevard. Section 2 Segment 3, an elevated four-lane structure, is a vital link of NAIAX with Shoreline Expressway and Makati Central Business District at Buendia Avenue.

SALEX is a joint venture project between the PNCC and SMHC. The execution of the STOA for the financing, construction, operation and maintenance of the SALEX was signed on June 20, 2022. The project has a concession period of 30 years (from the issuance of the Toll Operation Certificate).

Cavite-Batangas Expressway ("CBEX")

The CBEX, a 27.06-km unsolicited toll road project, is a joint venture between the Provincial Government of Cavite and SMHC. It is a four-lane expressway which begins with a connection to Cavite-Laguna Expressway (CALAX) in Silang, Cavite and travels southwest parallel with the Emilio Aguinaldo Highway and ends at Tagaytay-Nasugbu Highway. It will traverse the municipalities of Silang, Amadeo, Tagaytay, Indang, Mendez, Alfonso in Cavite and Nasugbu, Batangas, and will have three access/interchange points in Silang, Tagaytay, and Nasugbu/Alfonso. This project aims to provide an additional highway that will help mitigate the road congestion in CALABARZON.

The Original Proponent Status and Certificate of Successful Negotiations was signed on September 1, 2022. The Notice of Award was signed and granted on January 24, 2023. On February 7, 2023, the Joint Venture Agreement and the Toll Concession Agreement was signed between the Provincial Government of Cavite and SMHC.

Nasugbu-Bauan Expressway (“NBEX”)

NBEX is a 60.9-km toll road project that aims to ease congestion and create a more accessible route in the southeast part of Luzon. The project alignment begins at Tagaytay-Nasugbu Highway in Brgy. Kaylaway, runs parallel with the Tuy-Balayan Highway up to the Municipality of Balayan, then runs parallel with the Palico-Balayan-Batangas Road and ends at the Municipality of Bauan. This four-lane expressway will connect the municipalities of Nasugbu, Tuy, Balayan, Calaca, Lemery, Agoncillo, Taal, San Nicolas, Santa Teresita, San Luis and Bauan. There will be five access/interchange points in: (1) Nasugbu (Kaylaway); (2) Nasugbu; (3) Balayan; (4) Lemery; and (5) Bauan.

The NBEX is a joint venture between the Provincial Government of Batangas and SMHC. The Certificate of Acceptance was signed on April 21, 2022, and its Notice of Award was signed on March 10, 2023. On March 22, 2023, the Joint Venture agreement was signed between the parties. The Toll Concession Agreement of this project was signed on July 31, 2023.

Pangasinan Link Expressway (“PLEX”)

PLEX, a 76.80-km unsolicited expressway proposal, is a joint venture between the Provincial Government of Pangasinan and SMHC. The project is composed of two phases: Phase 1, which runs from the Binalonan section of TPLEX to Lingayen, and Phase 2, which extends from Lingayen to Alaminos. PLEX’s Phase 2 will be implemented once the traffic demand is met/upon reaching a certain level of traffic. This project aims to improve the intra-provincial traffic and create a more accessible route within the province of Pangasinan.

The Original Proponent Status and Certificate of Successful Negotiations was granted by the Province of Pangasinan to SMHC on May 18, 2023. The Notice of Award was signed and issued on July 10, 2023.

Tarlac-Pangasinan-La Union Expressway (“TPLEX”) Extension Project

The TPLEX Extension Project is an unsolicited toll road project that aims to facilitate the development of regions in Northern Luzon and improve the interconnectivity of Central Luzon with Metro Manila. Initially, the submitted proposal is composed of four phases: Phase 1 - Rosario, La Union to San Juan, La Union; Phase 2 - San Juan, La Union to Candon City, Ilocos Sur; Phase 3 - Candon City, Ilocos Sur to Vigan City, Ilocos Sur; and Phase 4 - Vigan City, Ilocos Sur to Laoag City, Ilocos Norte. However, upon evaluation, only Phase 1 was granted by the Government.

The 59.4-km toll road project is a four-lane expressway divided into three segments: (1) Rosario-Tubao; (2) Tubao-Naguilian; and (3) Naguilian-San Juan. There will be five interchanges: (1) Rosario, La Union; (2) Tubao, La Union; (3) Naguilian, La Union; (4) Bauang, La Union; and (5) San Juan, La Union.

On December 3, 2018, the Original Proponent Status of the project was issued. The Notice of Award was issued on June 3, 2024, after the conduct of the Swiss Challenge, where no comparative proposals were submitted. On July 3, 2024, the Concession Agreement was signed between SMC TPLEX Extension Infrastructure Corp. and the Government of the ROP, acting through DPWH as the Grantor.

Ninoy Aquino International Airport

On February 16, 2024, the Consortium, led by SMHC, has officially won the contract to rehabilitate, operate, and maintain the NAIA which is the country’s main international gateway. The Consortium is comprised of SMHC owning 33%, RMM Asian Logistics Inc. owning 30%, RLW Aviation Development Inc. owning 27% and Incheon International Airport Corp owning 10%. Together, the members of the consortium incorporated the concession company, New NAIA Infra Corp. (“NNIC”) in the same ownership percentage sharing.

On March 18, 2024, the Concession Agreement was signed with the concession company, NNIC. The operation of NAIA was turned over by the Manila International Airport Authority to the concession company on September 14, 2024.

The Consortium is required to rehabilitate, operate, optimize, and maintain NAIA, which covers improvements to its runway, main terminals, and other facilities.

Bulacan and Obando Water Companies Acquisition

The acquisition of Bulacan and Obando Water Companies aims to broaden the scope of SMHC's waterworks portfolio and expand its current service coverage. On April 8, 2024, SMC Bulacan Water Services Corporation was incorporated under Philippine laws to carry on the general business of constructing, operating, maintaining, managing, leasing, acquiring & rehabilitating waterworks, industrial water supply systems and water utilities and systems. SMC Bulacan Water Services Corporation is a wholly owned subsidiary of SMHC.

On October 22, 2024, SMC Bulacan Water Services Corporation acquired 90% ownership interests in Bulacan Water Company, Inc ("**BWCI**") and Obando Water Company, Inc. ("**OWCI**"). BWCI is a joint venture with Bulacan Water District while OWCI is a joint venture with Obando Water District.

Cement

The Cement business is conducted under San Miguel Equity Investments Inc. ("**SMEII**") through the following subsidiaries:

*Northern Cement Corporation ("**NCC**")*

NCC has more than 50 years of cement production and domestic sales experience, mainly, in the Central Luzon (Region 3), and North Luzon (Regions 1 and 2) markets. It manufactures Type 1, Type 1T and Type N cement, the major cement products in the industry.

NCC was incorporated and registered with the SEC on February 10, 1967. From the commencement of its operations on February 1970 in Sison, Province of Pangasinan, it has been engaged in the business of manufacturing, developing, processing, exploiting, buying and selling cement and/or other allied products. NCC has an existing Mineral Production Sharing Agreement ("**MPSA**") with the Philippine Government granted through the Department of Environment and Natural Resources ("**DENR**") on March 12, 1998, and was renewed by the DENR for another 25 years, or until the year 2048. The MPSA covers a contract area of 630.4978 hectares within Sison, Pangasinan.

Presently, NCC owns and operates three dry-process rotary kilns and three finish mills. The fourth finish mill commenced operation last July 2024. Collectively, the existing production facilities have annual rated capacity of 6.93 million metric tons per year ("**MTPY**") of finished cement, or 173 million 40-kg bags. The raw materials used in its cement manufacturing process are generally a mixture of quarried materials - limestone, shale and gypsum.

The additional supply of cement is targeted to meet the strong demand in Northern Luzon (Region 1 and Region 2), the Cordillera Administrative Region (CAR), and Central Luzon (Region 3).

*Southern Concrete Industries, Inc. ("**SCII**")*

SCII, a wholly-owned subsidiary of SMEII, recently completed the construction of its cement grinding plant in Santa Cruz, Province of Davao del Sur. Its world class equipment is capable of producing 2 million MTPY while minimizing impact to the environment. SCII declared its full commercial operations in May 31, 2023. Prior to its commercial operations, SCII commenced its promotional trial campaign and distribution activities simultaneous with the completion of the commissioning stage of its plant.

SCII is currently recognized for producing top-quality cement products across Regions 10, 11, 12, 13 and Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). SCII strives to expand its reach throughout Mindanao, with a strong commitment to delivering innovative products and services that exceed customer expectations and build lasting loyalty.

*Eagle Cement Corporation ("**ECC**")*

On December 14, 2022, SMC through SMEII completed the acquisition of 99.9581% of the total outstanding common shares of ECC.

ECC was incorporated in the Philippines and registered with the SEC on June 21, 1995. It is now the third largest player in the Philippine cement industry, with the fastest growing market share amongst all competitors since it started its

commercial operations in 2010. ECC currently distributes Blended (Type 1P/Type 1T) and OPC (Type 1) cement products in the National Capital Region, Regions I, II, III and 4A.

ECC has the newest, state-of-the art, and single largest fully-integrated cement production facility in the Philippines located in Barangay Akle, San Ildefonso, Bulacan and a grinding and packaging facility in Limay, Bataan. The plant is strategically located near demand-centric areas and in close proximity to rich limestone and shale reserves covered by the exclusive mineral rights of ECC.

ECC through its subsidiary, holds MPSA covering mining areas in San Ildefonso, Bulacan where it operates a limestone, shale and pozzolan quarry and a Limestone Pulverizing Plant. Bulk of its production are used as input in ECC's cement production.

ECC also has a subsidiary engaged in the business of manufacturing, sale and distribution of fly-ash, bottom ash, hi carbon and other by-products.

Real Estate

Established in 1990 as the corporate real estate arm of SMC, San Miguel Properties Inc. ("**SMPI**") is aiming to be one of the major players in the property sector through mixed-use developments. SMPI is 99.98% owned by SMC and is primarily engaged in the development, sale and lease of real property. SMPI is also engaged in leasing and managing the real estate assets of SMC.

Moving forward, SMPI is creating more synergies with its business units and is looking at developing quality residential, commercial and industrial developments.

The first project of SMPI was the SMC Head Office Complex, now considered as a landmark, which has served as a catalyst in transforming the area now known as the Ortigas Central Business District.

Cavite Projects

SMPI offers a diverse portfolio of mid-range homes in General Trias, Cavite, namely Bel Aldea, Maravilla, and Asian Leaf, offering townhouse units and single attached house-and-lots, with floor areas ranging from +/-42.00 to +/-140.00 square meters.

Bel Aldea

Bel Aldea is a 12-hectare development, which serves the economic housing segment, offers smartly designed townhouse units, with an average floor area of +/- 42 square meters.

Maravilla

Spanning 17-hectare, Maravilla is a mid-range residential community offering Spanish Mediterranean houses, which currently offers new house models to suit the changing needs of the market.

Asian Leaf

Asian Leaf is a seven-hectare premier residential community composed of single attached house and lots, with floor areas ranging from +/-64.91 to +/-140.00 square meters. Fusing modern Asian architecture and vibrant landscaping, Asian Leaf is perfect for homeowners looking for a tranquil and ideal haven.

Wedge Woods

Wedge Woods is located west of Sta. Rosa, Laguna - in Silang, Cavite, offering prime lots on a rolling terrain, with a majestic view of Mount Makiling.

Metro Manila Projects

SMPI has expanded its portfolio, serving the high-end market with its foray into townhouse developments, such as Dover Hill in San Juan City, One Dover View and Two Dover View in Mandaluyong City, and Emerald 88 in Pasig City, and ventured also in hospitality segment through its Makati Diamond Residences (“MDR”) in Makati City.

Dover Hill

A 95-unit luxury townhouse development in Addition Hills, San Juan City that offers three to five-bedroom units ranging from +/-202 up to +/-355 square meters. A three-car parking area located directly below each unit ensures maximum convenience. Aside from its amenities like the swimming pool and playground, within the Dover Hill compound is Dover Club, a four-storey amenity building which includes a fully-equipped, state-of-the-art fitness gym, and a party venue with its own kitchen and dining area good for up to 30 guests.

One Dover View & Two Dover View

Both located along Lee St., Mandaluyong, One Dover View and Two Dover View are exclusive and premier condominium-townhouse projects, offering three and four bedrooms, with only 23 and eight (8) units, respectively. Floor areas range from +/-222.80 to +/-327.10 square meters.

Emerald 88

Located along Dr. Sixto Avenue, Pasig City, Emerald 88 is a 14 three-level townhouse unit development, with generous floor areas ranging from +/-187.50 to +/-216.90 square meters. Each unit has two (2)-car garage.

Makati Diamond Residences (MDR)

MDR is a luxury serviced apartment with 410 spacious guest rooms ranging from 41 square meters up to as much as 204 square meters and has top-of-the-line amenities and health and wellness facilities. Conveniently located in Makati Central Business District, the location of MDR provides easy access to many multinational companies, shopping, dining and entertainment destinations.

Mariveles Economic Zone Project

A 500-hectare industrial park development under the flagship of E-Fare Investment Holdings, Inc., and registered under Authority of the Freeport Area of Bataan. The Mariveles Economic Zone Project intends to provide an attractive location for private investments, stimulate regional economic activity and generate employment opportunities.

Banking

SMC, through SMPI, made a series of acquisitions of Bank of Commerce (“**BankCom**”) common shares in 2007 and 2008 which represents 31.94% of the outstanding common stock of BankCom as of December 31, 2024.

On December 17, 2018, SMC, through SMC Equivest Corporation (“**SMCEC**”), acquired common shares of BankCom representing 4.69% of the outstanding common shares. On August 5, 2021, SMCEC subscribed to 41,666,667 Series 1 Preferred Shares of BankCom. On October 20, 2021, SMCEC acquired additional common shares of BankCom, which increased its ownership of common shares to 6.09%.

On December 23, 2021, the Monetary Board of the Bangko Sentral ng Pilipinas, in its Resolution No. 1798, approved the upgrade of the banking license of BankCom from commercial bank to universal bank, subject to the public offering of its shares and listing the same with the PSE within one year from the date of the grant of the universal banking license. On February 22, 2022, the Board of Directors of BankCom approved the amendments to the Articles of Incorporation to change its purpose from commercial bank to universal bank pursuant to BSP Monetary Board Resolution No. 1798 dated December 23, 2021.

On February 15, 2022, the SEC issued its pre-effective letter relating to the registration of securities of up to 1,403,013,920 common shares of BankCom to be listed and traded in the Main Board of the PSE in relation to its initial public offering (“**IPO**”). On February 16, 2022, the PSE approved the application for the listing of up to 1,403,013,920 common shares of BankCom, which includes the 280,602,800 common shares subject of the IPO. On March 15, 2022,

the SEC issued its Order rendering effective the registration of up to 1,403,013,920 common shares of BankCom, and the Certification of Permit to Offer Securities for Sale. On March 31, 2022, BankCom listed its common shares with the PSE.

After completion of initial public offering and as at December 31, 2024, the Group through SMPI and SMCEC has 31.94% and 4.87% equity interest in BankCom, respectively.

Others

Other major subsidiaries include the following as of March 31, 2025:

- (a) San Miguel International Limited and subsidiary, San Miguel Holdings Limited and subsidiaries [including SMYPIL and San Miguel Insurance Company, Ltd.]
- (b) SMC Shipping and Lighterage Corporation and subsidiaries [including SL Harbor Bulk Terminal Corporation]
- (c) San Miguel Integrated Logistics Services, Inc.
- (d) SMC Stock Transfer Service Corporation
- (e) ArchEn Technologies Inc.
- (f) SMITS, Inc. and subsidiaries
- (g) Petrogen Insurance Corporation
- (h) Anchor Insurance Brokerage Corporation
- (i) SMC Asia Car Distributors Corp. and subsidiaries
- (j) SMC Equivest Corporation

Strengths and Strategies

Strengths

SMC believes that its principal strengths include the following:

- Diversified platform with broad exposure to the growth of the Philippine economy
- Synergies across businesses
- Strong brand equity in the Philippines with an over 100-year legacy
- Well-positioned to benefit from strong macroeconomic fundamentals in the Philippines
- Operating businesses that provide sustainable streams of income and cash flows
- Highly visionary, cohesive, and experienced management team
- Strong commitment to social responsibility and sustainability

Strategies of SMC

The principal strategies of SMC include the following:

- Enhance strategic value and operating efficiencies among and within businesses
- Expand or diversify into businesses that contribute significantly to nation building, job creation and economic growth
- Identify and pursue synergies across businesses through vertical integration, platform matching and channel management
- Strengthen sustainable business strategies across all operations, and continue to adopt world-leading best practices
- Integrate long-term sustainability goals into decision-making processes to foster a culture of environmental and social accountability

Risks of Investing

Prospective investors should also consider the following risks of investing in the Offer:

- Risks relating to SMC and the SMC Group include:
 - Diversification of business and acquisition of new businesses;
 - Potential shortage of raw materials;
 - Volatile prices of raw materials;
 - Foreign exchange risk;

- Availability of financing;
 - Covenants in existing debt agreements;
 - Potential changes in the legal and regulatory environment;
 - Increases and changes in applicable taxes, taxation laws, and tax incentives;
 - Exposure to safety, health and environmental costs and liabilities;
 - Changes in consumer preferences and purchasing power;
 - Increased competition in the industries where the SMC Group operates;
 - Ability of the largest shareholders to influence corporate actions;
 - Possible disagreements among joint venture partners of SMC;
 - Ability of subsidiaries and associates to declare and distribute dividends;
 - Dependence on trademarks and proprietary rights;
 - Compliance with and renewal of licenses, permits and other authorizations;
 - Training and replacement of key personnel;
 - Labor disruptions;
 - Uninsured losses;
 - Outsourcing risk;
 - Disruption of operations;
 - Performance of information technology systems;
 - Legal and other proceedings; and
 - The risk involving related party transactions.
- Risks relating to the food and beverage business
 - Price-sensitive market;
 - Competition risks;
 - Increases in excise taxes;
 - Production and supply disruptions;
 - Operational risks;
 - Livestock and poultry disease outbreaks;
 - Product-liability claims and recalls;
 - Importation of lower-priced competing products;
 - Risks associated with derivative and hedging transactions;
 - Challenges in executing expansion strategies;
 - Social, economic, and political risks;
 - Risks of international and export operations;
 - Government price monitoring and regulation;
 - Legal and regulatory risks;
 - Intellectual property risks; and
 - Financial risks.
- Risks relating to the packaging business
 - Handling of products; and
 - Competition and challenges in product development and production processes.
- Risks relating to the fuel and oil business
 - Volatility of the price of crude oil and petroleum products may have a material adverse effect on Petron's business, results of operations and financial condition;
 - Russia-Ukraine War and Geopolitical Tensions in the Middle East;
 - Global Trade Policy and Tariff Risks;
 - Outbreak of any other highly infectious or contagious disease;
 - Petron relies primarily on a small number of suppliers for a significant portion of its crude oil requirements in each of the markets in the Philippines and Malaysia;
 - Intense competition, increasing presence of electric vehicles (EVs), and cyclicity in global and regional refining capacities;
 - Any significant disruption in operations or casualty loss at Petron's refineries could adversely affect its business and results of operations and result in potential liabilities;
 - Effect of Malaysian government policies and regulations relating to the marketing of fuel products;
 - Compliance with and renewal of licenses, permits and other authorizations and continued compliance with safety, health, environmental and zoning laws and regulations;
 - Failure to respond quickly and effectively to product substitution or government-mandated product

- formulations;
- Reliance on significant capital expenditures and financing which are required to implement business strategies, as well as debt levels possibly adversely affect financial conditions and results of operations;
- Changes in applicable taxes, duties and tariffs;
- Fluctuations in the value of the Philippine Peso and the Malaysian Ringgit against the U.S. Dollar;
- Dependence on experienced, skilled and qualified personnel and management team;
- Petron's controlling shareholders may have interests that may not be the same as those of other shareholders;
- Petron may fail to integrate acquired businesses properly;
- The number or severity of claims for which the Petron is insured increases;
- Existing or future claims against Petron, its subsidiaries, associates or joint ventures, or directors or key management; and
- Changes in applicable accounting standards.
- Risks relating to the energy business
 - Increased competition in the Philippine power industry;
 - Availability of financing and significant long-term debt as well as perpetual capital securities;
 - Suspension of issuance and renewal of Retail Electricity Supplier ("RES") licenses;
 - Disruptions and fluctuations in availability and cost of fuel supply;
 - Reliance on Independent Power Producer ("IPP") for the operation and maintenance of the San Roque Power Plant;
 - Market limitations under the Electric Power Industry Reform Act of 2001 ("EPIRA");
 - Development of greenfield power projects and expansion projects of existing plants involves substantial project risks;
 - Adverse effect of wholesale electricity spot market ("WESM") price fluctuations;
 - Expiration, termination, renewal and entry into offtake agreements and regulatory approvals of offtake agreements;
 - Administration of the output of SMGP's power portfolio necessarily involves significant risks;
 - Operating and other risks leading to network failures, equipment breakdowns, planned or unplanned outages;
 - Insufficient insurance coverage for generation plants;
 - No direct contractual and operational relationship;
 - Foreign exchange risk;
 - Variations in hydrological conditions and irrigation requirements;
 - Challenges in successfully implementing SMGP's growth strategy;
 - Dependence on the existence of transmission infrastructure;
 - Changes in taxation and certain tax exemptions and tax incentives;
 - Interest rate risk;
 - Regulatory risks;
 - Climate change policies;
 - Energy Regulatory Commission ("ERC") regulation of electricity rates of distribution utilities could have a material adverse effect on SMGP;
 - Trading on the WESM is affected by market volatility;
 - Possible conflicts of interest;
 - Dependence on the support of San Miguel Corporation;
 - Compliance with and renewal of licenses, permits and other authorizations; and
 - Legal and other proceedings arising out of its operations.
- Risks relating to the infrastructure business
 - Completion of infrastructure projects;
 - Enforceability of concession agreements;
 - Inability to secure tariff increases;
 - Decrease in utilization of projects; and
 - Obtaining new concessions or projects.
- Risks relating to the Cement Business
 - Cost to Produce, Environmental Considerations, and Unabated Entry of Imported Cement;
 - Entry of new players and increasing cement importation;
 - Heavy Government regulation and environmental standards;

- Prolonged or major disruption of operations in any of the cement business's main manufacturing plants; and
- Growth slowdown in certain key industries in the Philippines.
- Risks relating to the Philippines
 - Concentration of SMC's operations and assets in the Philippines;
 - Political instability in the Philippines;
 - Acts of terrorism, clashes with separatist groups and violent crimes;
 - Territorial disputes;
 - Natural catastrophes;
 - Downgrade of Philippine credit rating;
 - Corporate governance, disclosure, and financial reporting standards; and
 - Foreign exchange controls.
- Risks related to the Offer Shares
 - The Offer Shares may not be a suitable investment for all investors;
 - Redemption at the option of the Issuer;
 - Volatility of market price of the Offer Shares;
 - Additional Taxes;
 - Deferral of dividend payment;
 - Subordination to other indebtedness of the Company;
 - Insufficient distributions upon liquidation;
 - Subordination of payments to the Holders of the Offer Shares;
 - Liquidity of the securities market;
 - Effect of non-payment of dividends;
 - Inability to reinvest at a similar return on investment upon redemption; and
 - Limited voting rights.

(For a more detailed discussion, see "Risk Factors" on page [71])

Use of Proceeds

The gross proceeds of the Base Offer shall be ₱19,999,995,000.00. In the event the Oversubscription Option is exercised, the gross proceeds will be ₱30,000,000,000.00.

The net proceeds of the Base Offer, after deducting from the gross proceeds the total issue management, underwriting and selling fees, listing fees, taxes and other related fees and out-of-pocket expenses, is estimated to be ₱19,846,336,702.25. In the event the Oversubscription Option is exercised, the net proceeds will be ₱9,940,004,970.00 and will be used by the Company for the refinancing of existing short-term loans which were used to redeem the Series 2-F Preferred Shares, to partially redeem the Series 2-J Preferred Shares and the Series 2-K Preferred Shares, and/or to make additional investments in the infrastructure business, including the Manila International Airport and other airport related projects in Bulakan, Bulacan, and the tollways projects. For a more detailed discussion, see *Use of Proceeds* on page [128].

Plan of Distribution

SMC plans to issue the Offer Shares to institutional and retail investors through a public offering to be conducted through the Joint Lead Underwriters and Bookrunners.

For a more detailed discussion, see *Plan of Distribution* on page [132].

Company Information

SMC is a Philippine corporation with its registered office located at No. 40 San Miguel Avenue, Mandaluyong City, Philippines. SMC's telephone number is: (632) 8632-3000 and its website is: <http://www.sanmiquel.com.ph>. The information on the SMC website is not incorporated by reference into, and does not form part of this Offer Supplement.

TERMS OF THE OFFER

The following do not purport to be a complete listing of all the rights, obligations, and privileges of the Offer Shares. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective shareholders are enjoined to perform their own independent investigation and analysis of the Issuer and the Offer Shares. Each prospective shareholder must rely on its own appraisal of the Issuer and the Offer, and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to participate in the Offer and must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective shareholder's independent evaluation and analysis.

The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Offer Supplement. This overview may not contain all of the information that prospective investors should consider before deciding to invest in the Offer Shares. Accordingly, any decision by a prospective investor to invest in the Offer Shares should be based on a consideration of this Offer Supplement as a whole. Should there be any inconsistency between the summary below and the final documentation, the final documentation shall prevail.

Issuer	San Miguel Corporation
Instrument	Cumulative, non-voting, non-participating, non-convertible, redeemable, re-issuable Philippine Peso-denominated perpetual Series 2 Preferred Shares
Offer Size	<p>266,666,600 Series 2 Preferred Shares (subject to the Oversubscription Option as provided below), to be offered in up to three (3) subseries: Series 2-S, Series 2-T, and Series 2-U Preferred Shares.</p> <p>The Offer Shares will be issued out of the Series 2 Preferred Shares held in treasury by the Company.</p>
Oversubscription Option	<p>In the event of an oversubscription, the Joint Issue Managers, and the Joint Lead Underwriters and Bookrunners, in consultation with the Company, reserve the right, but do not have the obligation, to increase the Offer size by up to an additional 133,333,400 Series 2 Preferred Shares (the “Oversubscription Option”).</p> <p>In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period for the Offer Shares, the corresponding number of Oversubscription Option shares not taken up or exercised shall revert to the Shelf Registered Shares, and automatically increase the remaining shares that may be offered by the Issuer in subsequent tranches.</p>
Par Value	The Offer Shares shall have a par value of ₱5.00 per share.
Offer Price	The Series 2-S, Series 2-T, and Series 2-U Preferred Shares shall be offered at a price of ₱75.00 per share.
Registration and Listing	<p>Registered with the SEC on November 9, 2023 under shelf registration pursuant to MSRD Order No. 62, Series of 2023, and shall be listed on the Main Board of the PSE, subject to compliance with SEC regulations and PSE listing rules. Upon listing, the Series 2-S, Series 2-T, and Series 2-U Preferred Shares shall be traded under the ticker codes “SMC2S”, “SMC2T”, and “SMC2U”, respectively.</p> <p>The Series 2-S, Series 2-T, and Series 2-U Preferred Shares shall be issued out of the remaining balance of 413,333,300 Shelf Registered Shares under the Shelf Registration.</p>
Issue Date	October 24, 2025 or such other date when the Series 2-S, Series 2-T, and Series 2-U Preferred Shares are listed on the Main Board of the PSE.

Use of Proceeds

The Company will use the net proceeds from the Offer for the refinancing of existing short-term loans which were used to redeem the Series 2-F Preferred Shares, to partially redeem the Series 2-J Preferred Shares and the Series 2-K Preferred Shares, and/or to make additional investments in the infrastructure business, including the Manila International Airport and other airport related projects in Bulakan, Bulacan, and the tollways projects. See “*Use of Proceeds*” in this Offer Supplement.

Offer Period

The Offer Period shall commence at 9:00 a.m. on October 13, 2025 and end at 12:00 noon on October 17, 2025. The Issuer, the Joint Issue Managers, and the Joint Lead Underwriters and Bookrunners reserve the right to extend or terminate the Offer Period with the approvals of the SEC and the PSE, as applicable.

Dividend Rate

As and if cash dividends are declared by the Board of Directors, cash dividends on the Series 2-S, Series 2-T, and Series 2-U Preferred Shares shall be at the initial rates of:

Series 2-S Preferred Shares: [•]

Series 2-T Preferred Shares: [•]

Series 2-U Preferred Shares: [•]

in all cases calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period (each, the “**Initial Dividend Rate**” for the relevant subseries).

Dividend Rate means (a) from the Issue Date up to the relevant Step-Up Date, the applicable Initial Dividend Rate, and (b) from the relevant Step-Up Date, until the date the Series 2-S, Series 2-T, and Series 2-U Preferred Shares are redeemed, the higher of the applicable Initial Dividend Rate and the applicable Step-Up Rate. *(Please see below relevant definitions.)*

Dividend Payment Date

Cash dividends on the Offer Shares will be payable once for every Dividend Period on such date set at the time of declaration by the Board of Directors (each a “**Dividend Payment Date**”) in accordance with the terms and conditions of the Offer Shares. The Dividend Payment Date shall be any day within the period commencing on (and including) the last day of a Dividend Period and seven (7) Trading Days from the end of the relevant Dividend Period.

The quarterly dividend is computed by multiplying the Issue Price by the applicable Dividend Rate, and thereafter dividing by four. For the first Dividend Period, the dividend will be pro-rated to cover only the number of days from the Issue Date up to the end of such Dividend Period. For the succeeding Dividend Periods, the corresponding Dividend Payment Date may also fall on any date between the last day of the Dividend Period and seven (7) Trading Days from the end of the relevant Dividend Period.

If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment to the amounts of dividends to be paid.

The dividends on the Series 2-S, Series 2-T, and Series 2-U Preferred Shares will be calculated on a 30/360-day basis.

If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.

Dividends on the Series 2-S, Series 2-T, and Series 2-U Preferred Shares will be cumulative. If for any reason the Issuer's Board of Directors does not declare dividends on the Series 2-S, Series 2-T, and Series 2-U Preferred Shares for a Dividend Period, the Issuer will not pay dividends on such Dividend Payment Date for such Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares must receive the dividends due to them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares prior to such Dividend Payment Date. See *"Description of the Offer Shares"*.

Dividend Period

A **"Dividend Period"** shall refer to the period commencing on the Issue Date and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of the immediately succeeding Dividend Period; provided that, the first Dividend Period of the Offer Shares shall be the period commencing on the Issue Date and ending on the last day of the then current Dividend Period for the other outstanding Series 2 Preferred Shares, and provided further that, the last Dividend Period of the Offer Shares shall be the period commencing on the first day of the then current Dividend Period of the Offer Shares and ending on the Optional Redemption Date.

For reference, the current dividend periods for the outstanding Series "2" Preferred Shares are as follows:

- September 21 – December 20
- December 21 – March 20
- March 21 – June 20
- June 21 – September 20

To align with the dividend periods of the Company's outstanding Series "2" Preferred Shares, the dividend periods of the Offer Shares shall be adjusted to as follows:

First Dividend Period

If the Issue Date of the Offer Shares is on October 24, 2025, the first Dividend Period for the Offer Shares shall be from October 24, 2025 to December 20, 2025 or a cash dividend payment equivalent to fifty-eight (58) days.

Last Dividend Period

For example:

(i) If the Issuer will redeem the Series 2-S Preferred Shares on the third (3rd) anniversary of the Issue Date or on October 24, 2028, the last Dividend Period for the Series 2-S Preferred Shares will be from September 21, 2028 to October 24, 2028 or a cash dividend payment equivalent to thirty-four (34) days.

(ii) If the Issuer will redeem the Series 2-S Preferred Shares on the last day of any Dividend Period after the third (3rd) anniversary of the Issue Date, for instance on March 20, 2029, the last Dividend Period for the Series 2-S Preferred Shares will be from December 21, 2028 to March 20, 2029 or a cash dividend payment equivalent to ninety (90) days.

(iii) If the Issuer will redeem the Series 2-S Preferred Shares on the fifth (5th) anniversary of the Issue Date or on October 24, 2030, the last Dividend Period for

the Series 2-S Preferred Shares will be from September 21, 2030 to October 24, 2030 or a cash dividend payment equivalent to thirty-four (34) days.

Conditions on Declaration and Payment of Cash Dividends

The declaration of cash dividends will be subject to the discretion of the Board of Directors to the extent permitted by law.

The Board of Directors will not declare and pay cash dividends on any Dividend Payment Date where:

- (a) payment of the cash dividend would cause SMC to breach any of its financial covenants; or
- (b) the profits available to SMC to distribute as cash dividends are not sufficient to enable SMC to pay in full both the cash dividends on the Offer Shares and the dividends on all other classes of the shares of SMC that are scheduled to be paid on or before the same date as the cash dividends on the Offer Shares and that have an equal right to dividends as the Offer Shares.

If the profits available to distribute as dividends are, in the opinion of the Board of Directors, not sufficient to enable SMC to pay in full on the same date both cash dividends on the Offer Shares and the dividends on other shares that have an equal right to dividends as the Offer Shares, SMC is required (i) to pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that Dividend Payment Date on any shares with a right to dividends ranking in priority to that of the Offer Shares; and (ii) to pay cash dividends on the Offer Shares and any other shares ranking equally with the Offer Shares as to participation in profits pro rata to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on past cumulative dividends on any shares ranking equal in the right to dividends with the Offer Shares.

Any such cash dividends deferred or not declared in accordance with the above provisions shall constitute "Arrears of Dividends" which shall accrue cash dividends at the prevailing Dividend Rate. The profits available for distribution are, in general and with some adjustments, equal to the accumulated realized profits of SMC less accumulated realized loss.

Cash dividends on the Offer Shares will be cumulative. If for any reason the Board of Directors of SMC does not declare a cash dividend on the Offer Shares for a Dividend Period, SMC will not pay a cash dividend on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which cash dividends are declared, holders of the Offer Shares will receive the accrued and unpaid cash dividends due them on such Dividend Payment Date as well as all Arrears of Dividends to the holders of the Offer Shares prior to such Dividend Payment Date.

Holders of the Offer Shares shall not be entitled to participate in any other or further dividends, cash, property or stock beyond the dividends specifically payable on the Offer Shares. SMC will covenant that, in the event:

- (a) any cash dividends due with respect to any Series "2" Preferred Shares then outstanding for any period are not declared and paid in full when due;
- (b) where there remains outstanding Arrears of Dividends; or
- (c) any other amounts payable under the terms and conditions of the Offer Shares described in the Offer Supplement are not paid in full when due for any reason,

then it will not declare or pay any dividends or other distributions in respect of, or repurchase or redeem, securities ranking *pari passu* with, or junior to, the Offer Shares (or contribute any moneys to a sinking fund for the redemption of any securities ranking *pari passu* with, or junior to, the Offer Shares) until any and all Arrears of Dividends and accrued but unpaid cash dividends have been paid to the holders of the Offer Shares.

Optional Redemption and Purchase

As and if approved by the Board of Directors, the Company may redeem in whole (but not in part), any subseries of the Offer Shares as follows:

- (a) in respect of Series 2-S Preferred Shares, on the third (3rd) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-S Optional Redemption Date**”);
- (b) in respect of Series 2-T Preferred Shares, on the fifth (5th) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-T Optional Redemption Date**”); and
- (c) in respect of Series 2-U Preferred Shares, on the seventh (7th) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-U Optional Redemption Date**”)

(each of the Series 2-S Optional Redemption Dates, Series 2-T Optional Redemption Dates, and Series 2-U Optional Redemption Dates, being an “**Optional Redemption Date**”), after giving not more than sixty (60) nor less than thirty (30) days’ prior written notice to the intended date of redemption, at a redemption price equal to the Offer Price of the Offer Shares plus all dividends due them on such Optional Redemption Date as well as all Arrears of Dividends after deduction of transfer costs customarily chargeable to stockholders, as applicable, to effect the redemption (the “**Redemption Price**”). Such notice to redeem shall be deemed irrevocable upon issuance thereof.

For the avoidance of doubt, on the applicable Optional Redemption Date, the Issuer has the option to redeem, in whole but not in part, the Series 2-S, Series 2-T, and Series 2-U Preferred Shares.

In the event an Optional Redemption Date which the Issuer has chosen as the date to redeem the Series 2-S, Series 2-T, and Series 2-U Preferred Shares falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Price and the amount of dividends to be paid.

The Issuer may also redeem the Series 2-S, Series 2-T, and Series 2-U Preferred Shares, in whole but not in part, at any time prior to any Optional Redemption Date if an Accounting Event or a Tax Event (each as defined below) has occurred and is continuing. The redemption due to an Accounting Event or a Tax Event shall be made by the Issuer at the Redemption Price, provided that if the Accounting Event or Tax Event is specific to a subseries, then the foregoing optional redemption may be exercised only with respect to such subseries.

After listing on the PSE, the Issuer reserves the right to purchase the Series 2-S, Series 2-T, and Series 2-U Preferred Shares at any time in the open market or by public tender or by private contract at any price through PSE without any obligation to purchase or redeem the other Series 2-S, Series 2-T, and Series 2-U Preferred Shares. The Series 2-S, Series 2-T, and Series 2-U Preferred Shares so purchased may either be redeemed (pursuant to their terms and conditions as set out in this Offer Supplement) and cancelled or kept as treasury shares, as applicable.

Step-Up Dividend Rate

Unless the Offer Shares are redeemed by the Issuer, in respect of the Series 2-S Preferred Shares, five (5) years from the Issue Date (the “**Series 2-S Step-Up Date**”), in respect of the Series 2-T Preferred Shares, seven (7) years from the Issue Date (the “**Series 2-T Step-Up Date**”), and in respect of the Series 2-U Preferred Shares, ten (10) years from the Issue Date (the “**Series 2-U Step-Up Date**”) (each of the Series 2-S Step-Up Date, the Series 2-T Step-Up Date, and the Series 2-U Step-Up Date being a “**Step-Up Date**”), or on the next Business Day in case the relevant Step-Up Date falls on a non-Business Day, the dividends on each subseries will be adjusted as follows:

- (a) for the Series 2-S Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the 10-year BVAL (each reference rate, a “**BVAL**”) (or if the 10-year BVAL is not available or cannot be determined, any such successor rate as determined by the Bankers Association of the Philippines (“**BAP**”) or the *Bangko Sentral ng Pilipinas* (“**BSP**”)), as published on the website of the PDS or, if unavailable, the Philippine Dealing & Exchange Corp. (“**PDEX**”) page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-S Step-Up Date, plus 3.00% (the “**Series 2-S Step-Up Dividend Rate**”);
- (b) for the Series 2-T Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the interpolated 15-year BVAL (or if the interpolated 15-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the PDS or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-T Step-Up Date, plus 3.00% (the “**Series 2-T Step-Up Dividend Rate**”); and
- (c) for the Series 2-U Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the 20-year BVAL (or if the 20-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the PDS or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-U Step-Up Date, plus 3.00% (the “**Series 2-U Step-Up Dividend Rate**”).

Provided, that in the event the relevant Step-Up Date falls on a day that is not a Business Day:

- (i) the rate setting will be done on the immediately succeeding Business Day using the average of the relevant BVAL rates for the three (3) consecutive Business Days preceding and inclusive of the said rate setting date; and
- (ii) the higher of the applicable Initial Dividend Rate and the applicable Step-Up Dividend Rate will be applied commencing on the Step-Up Date (which is five (5) years from the Issue Date of the Series 2-S Preferred Shares, seven (7) years from the Issue Date of the Series 2-T Preferred Shares, and ten (10) years from the Issue Date of the Series 2-U Preferred Shares).

(Each of the Series 2-S Step-Up Dividend Rate, Series 2-T Step-Up Dividend Rate, and the Series 2-U Step-Up Dividend Rate being a “**Step-Up Dividend Rate**”).

Dividends on the Series 2-S, Series 2-T, and Series 2-U Preferred Shares will be cumulative. If for any reason the Issuer’s Board of Directors does not declare

dividends on the Series 2-S, Series 2-T, and Series 2-U Preferred Shares for a Dividend Period, the Issuer will not pay dividends on such Dividend Payment Date for such Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares must receive the dividends due to them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares prior to such Dividend Payment Date. See *“Description of the Offer Shares”*.

No Sinking Fund

The Company is not legally required, has not established, and currently has no plans to establish, a sinking fund for the redemption of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares.

Accounting Event

An accounting event shall occur if an opinion of any recognized person authorized to perform auditing services in the Government has stated that there is more than an insubstantial risk that the funds raised through the issuance of the Offer Shares may no longer be recorded as equity pursuant to the PFRS, or such other accounting standards which succeed PFRS, as adopted by the Government, applied by SMC for drawing up its consolidated financial statements for the relevant financial year and such event cannot be avoided by SMC taking reasonable measures available to it.

Tax Event

A tax event shall occur if dividend payments become subject to higher withholding tax or any new tax (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to SMC.

Purchase of the Offer Shares

After listing on the PSE, SMC may purchase the Series 2-S, Series 2-T, and Series 2-U Preferred Shares, then tradeable at that time at any time in the open market or by public tender or by private contract at any price through the PSE without any obligation to purchase or redeem the other outstanding Series 2-S, Series 2-T, and Series 2-U Preferred Shares.

Redemption by reason of a Tax Event

In the event payments in respect of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares become subject to additional withholding or any new tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem each of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares at any time in whole but not in part, at the Redemption Price. See *“Description of the Offer Shares”*.

Redemption by reason of an Accounting Event

In the event an opinion of a recognized accounting firm authorized to perform auditing services in the Government has been delivered to the Issuer stating that there is more than an insubstantial risk that the Series 2-S, Series 2-T, and Series 2-U Preferred Shares may no longer be recorded as equity in the audited consolidated financial statements of the Issuer prepared in accordance with PFRS, or such other accounting standards which succeed PFRS as adopted by the Issuer for the preparation of its audited consolidated financial statements for the relevant financial year, and such event cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem each of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares in whole, but not in part, at the Redemption Price. See *“Description of the Offer Shares”*.

Taxation

All payments in respect of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Government, including but not limited to, stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, SMC will pay additional amounts so that the holders of Series 2-S, Series 2-T, and Series 2-U Preferred Shares will receive the full amount of the

relevant payment which otherwise would have been due and payable; provided, however, that SMC shall not be liable for:

(a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares, including any additional tax on such dividends imposed by changes in law, rule, or regulation; (b) any income tax (whether or not subject to withholding); percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares or on the liquidating distributions as may be received by a holder of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares; (c) any expanded value added tax which may be payable by any holder of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares on any amount to be received from the Issuer under the terms and conditions of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares; (d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend payable to any holder of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares or any entity which is a non-resident foreign corporation; and (e) any applicable taxes on any subsequent sale or transfer of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares by any holder of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

Form, Title and Registration of the Preferred Shares

The Series 2-S, Series 2-T, and Series 2-U Preferred Shares will be issued in scripless form through the electronic book-entry system of SMC Stock Transfer Service Corporation as Registrar for the Offer Shares and lodged with the Philippine Depository & Trust Corporation (“**PDTC**”) as Depository Agent on Issue Date through Trading Participants of the PSE (“**Trading Participants**”) nominated by the applicants. For this purpose, applicants shall indicate in the proper space provided for in the Application to Purchase (as defined below) the name of the Trading Participant under whose name their Offer Shares will be registered. After Issue Date, shareholders may request the Registrar, through their nominated Trading Participant, to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name, or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting shareholder.

Legal title to the Series 2-S, Series 2-T, and Series 2-U Preferred Shares will be shown in an electronic register of shareholders (the “**Registry of Shareholders**”) which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Registrar shall send (at the cost of SMC) at least once every quarter a statement of account to all shareholders named in the Registry of Shareholders, except certificated shareholders and depository participants, confirming the number of Offer Shares held by each shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant shareholder as of the given date thereof. Any request by shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting shareholder.

For scripless shares, the maintenance and custody fee payable to the PDTC shall be for the account of the shareholder.

Selling and Transfer Restrictions

After listing, the subsequent transfers of interests in the Offer Shares shall be subject to normal selling restrictions for listed securities as may prevail in the Philippines from time to time.

Governing Law	The Series 2- S, Series 2-T, and Series 2-U Preferred Shares will be issued pursuant to the laws of the Republic of the Philippines.
Features of the Preferred Shares	Please refer to “ <i>Description of the Offer Shares</i> ” on page [55] of this Offer Supplement.
Other Terms of the Offer	
Minimum Subscription to the Preferred Shares	Each Application shall be for a minimum of 500 Offer Shares, and thereafter, in multiples of 10 Offer Shares. No Application for multiples of any other number of Offer Shares will be considered.
Eligible Investors	<p>The Offer Shares may be owned or subscribed to by any person, partnership, association or corporation regardless of nationality, subject to limits under Philippine law. However, under certain circumstances, SMC may reject an Application or reduce the number of the Offer Shares applied for subscription.</p> <p>Subscription to the Offer Shares may be restricted in certain jurisdictions. Foreign investors interested in subscribing or purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence, or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Offer Shares.</p>
Procedure for Application	<p>Applications to Purchase the Offer Shares may be obtained from any of the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, or the Selling Agents. All Applications shall be evidenced by the Application to Purchase, duly executed in each case by an authorized signatory of the applicant and accompanied by two (2) completed specimen signature cards, the corresponding proof of payment for the Offer Shares covered by the Application and all other required documents including documents required for registry with the Registrar and Depository Agent. The duly executed Application to Purchase and required documents should be submitted to the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, or the Selling Agents by the end of the Offer Period. The Application to Purchase must also be signed by the nominated Trading Participant signifying its conformity to receive the Offer Shares on Issue Date.</p> <p>If the applicant is a corporation, partnership, or trust account, the Application must be accompanied by the following documents:</p> <ul style="list-style-type: none"> (a) a certified true copy of the applicant’s latest articles of incorporation and by-laws and other constitutive documents, each as amended to date, duly certified by the corporate secretary or equivalent officer; (b) the applicant’s SEC certificate of registration, duly certified by the corporate secretary or equivalent officer; (c) a duly notarized corporate secretary’s certificate setting forth the resolution of the applicant’s board of directors or equivalent body authorizing (i) the purchase of the Offer Shares indicated in the application and (ii) the designated signatories for the purpose, including their respective specimen signatures; (d) certified true copy of latest General Information Sheet (“GIS”) duly certified by the corporate secretary or equivalent officer; (e) photocopy of any one (1) of the following valid identification documents (“ID”

of the authorized representative(s)): passport/driver's license, company ID, Social Security System/Government Service and Insurance System ID and/or Senior Citizen's ID or such other ID and documents as may be required by or acceptable to the selling bank or the Receiving Agent, as applicable;

(f) two (2) specimen signature cards with specimen signatures of the signatory or signatories of the Application to Purchase; and

(g) validly issued taxpayer identification number issued by the BIR.

Individual applicants must also submit a photocopy of any one (1) of the following valid IDs: passport/driver's license, company ID, Social Security System/Government Service and Insurance System ID and/or Senior Citizen's ID or such other ID and documents as may be required by or acceptable to the selling bank or Trading Participant.

An applicant who is exempt from or is not subject to withholding tax or who claims reduced tax treaty rates must indicate such exemption or entitlement in the Application to Purchase and also submit additional documents as may be required by the Issuer, including but not limited to, the documents described on page [138] of this Offer Supplement.

For Applications to Purchase to be submitted by the Trading Participants, please refer to the Trading Participant Implementing Guidelines.

Local Small Investors

Applications to purchase the shares allocated for Local Small Investors must be done online through the PSE Easy. The system will generate a reference number and payment instruction. Application payments for the Offer Shares must be settled within the Offer Period.

A Local Small Investor applicant should nominate in the application the PSE Trading Participant through which its shares will be lodged. Otherwise, the application shall not be accepted. In the event that a Local Small Investor applicant does not have a PSE Trading Participant, the Local Small Investor applicant, if eligible, may open a trade account. Local Small Investor applicant may refer to the Local Small Investors Guidelines for more additional information.

Local Small Investor applications will be processed on a first-come, first-served basis while final allocation of the Trading Participants will be determined pursuant to allocation mechanics. This section should be read in conjunction with the Offer Implementing Guidelines, which will be published on the PSE EDGE website.

Payment for the Offer Shares

The Offer Price of the Offer Shares must be paid in full upon submission of the Application to Purchase.

Payment shall be in the form of:

(a) a cashier's/manager's or corporate check, or personal check drawn against a bank account with a BSP-authorized agent bank or any branch thereof with a clearing period of not more than one (1) Business Day and dated as of the date of submission of the Application to Purchase covering the entire number of the Offer Shares covered by the same Application. Checks should be made payable to "**SMC Preferred Shares Offer**" and crossed "Payee's Account Only" with a clearing period of not more than one (1) Business Day shall be accepted. Check payment must be made within the clearing cut-off of the last day of the Offer Period; or

(b) through the Real Time Gross Settlement (“RTGS”) facility of the BSP to the relevant Joint Issue Manager, the Joint Lead Underwriter and Bookrunner, or the Selling Agent to whom such Application was submitted. Standard transaction fees for RTGS payments will be for the account of the investor; or

(c) via direct debit from their deposit account maintained with the relevant Joint Issue Manager, the Joint Lead Underwriter and Bookrunner, or the Selling Agent; or

(d) through other means as may be agreed between the applicant and the relevant Joint Issue Manager, Joint Lead Underwriter and Bookrunner, or Selling Agent.

Payment by the Local Small Investors shall be made by:

Online payment via DragonPay, with “SMC Stock Transfer Service Corporation (SMC STSC)” as the merchant.

Should the payment of the Local Small Investor be incomplete or below the full payment or below the full payment amount of the purchase, the LSI Application shall be rejected.

The payment must be made no later than 12:00 noon on October 17, 2025.

LSI Applicants paying through DragonPay should ensure that their subscription amount is within the transaction limit of their chosen bank. If the total subscription amount is more than P50,000.00 or the transaction limit of their chosen bank, then an LSI Applicant should select the PesoNet option in DragonPay.

Acceptance/Rejection of Application

The actual number of the Offer Shares that an applicant will be allowed to subscribe to is subject to the confirmation of the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners. SMC, through the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, reserves the right to accept or reject, in whole or in part, or to reduce any application due to any grounds specified in the relevant underwriting agreement to be entered into by SMC with the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners (“**Underwriting Agreement**”). Applications which were unpaid or where payments were insufficient and those that do not comply with the terms of the Offer shall be rejected. Delivery of personal checks does not constitute payment until actual receipt of cleared funds. Moreover, any payment received pursuant to the Application does not constitute as approval or acceptance by SMC of the Application.

An Application, when accepted, shall constitute an agreement between the applicant and SMC for the subscription to the Offer Shares at the time, in the manner and subject to terms and conditions set forth in the Application to Purchase and those described in this Offer Supplement. Notwithstanding the acceptance of any Application by SMC and subject to the right of the Issuer to withdraw the Offer pursuant to this section and the section “*Plan of Distribution – Withdrawal of the Offer*” of this Offer Supplement, the Offer Shares will be issued only upon listing of such Offer Shares on the PSE, and provided that the Underwriting Agreement shall not have been terminated or cancelled, on or before the Issue Date, in accordance with the provision of the said agreement.

Refunds for Rejected Applications

In the event that the number of the Offer Shares to be allotted to an applicant, as confirmed by the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, or the Selling Agents, is less than the number covered by its Application, or if an Application is wholly or partially rejected by SMC, then SMC shall refund, without interest, within five (5) Business Days from the end of the Offer Period, all, or a portion of the payment corresponding to the number of the Offer Shares wholly or partially rejected. All refunds shall be made through the Joint Lead Underwriters and

Bookrunners, the Selling Agent, the concerned Trading Participant, or the Receiving Agent, as applicable, with whom the applicant has filed the Application at the risk of the applicant.

Refund in case Offer Shares are not listed

In the event the Offer Shares are not listed on PSE, the Joint Lead Underwriters and Bookrunners, the Selling Agents, or the Receiving Agent, as may be applicable, shall notify the applicant concerned. The Joint Lead Underwriter and Bookrunner, the Selling Agents, or the Receiving Agent, as may be applicable, shall return the check payment or refund the amount paid by the applicant concerned by way of issuance of its own check payable to the order of the applicant and crossed "Payees' Account Only" or through other means as may be agreed between the applicant and the relevant Joint Lead Underwriter and Bookrunner, Selling Agents or Receiving Agent. All checks shall be made available for pick up by the applicants concerned three (3) Business Day after the intended Issue Date at the office of the Joint Lead Underwriters and Bookrunners, the Trading Participants, or the Receiving Agent, as may be applicable. Any checks that remain unclaimed after 15 Business Days from the intended Issue Date shall be mailed or delivered, at the risk of the applicant, to the address specified in the Application to Purchase.

Refund Process for Local Small Investors

All refunds shall be made directly to the Local Small Investor applicants unless respective Local Small Investor applicants' nominated PSE Trading Participants consented to process Local Small Investor refunds. In that case, all refunds may be made through the nominated PSE Trading Participant, at the Local Small Investor applicant's risk. The refunds will be processed by the Receiving Agent directly to the nominated PSE Trading Participant by transferring immediately available funds to the relevant bank account of, or via check to, each relevant nominated PSE Trading Participant in such amount representing the total refund due to all the clients of the relevant PSE Trading Participant on or before the tenth (10th) banking day after the end of the Offer Period or on November 3, 2025. The affected Local Small Investor applicants may coordinate directly with their respective nominated PSE Trading Participant, as indicated in the submitted Local Small Investor applicants.

Withdrawal of the Offer

The Company reserves the right to withdraw the offer and sale of the Offer Shares at any time before the commencement of the Offer Period, in which event the Company shall make the necessary disclosures to the SEC and the PSE.

The Company may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to the Issue Date, if any of the following events occurs, in which case the Underwriting Agreement shall be deemed terminated, namely:

- a. (i) An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or (ii) occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or (iii) occurrence of any change in local, national or international financial, political, economic or stock market conditions, any of which renders it impracticable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the PSE Notice of Approval, the SEC Order of Registration, or the SEC Permit to Sell Securities (the "**Approvals**") and by this Offer Supplement, or would have a material adverse effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it, in the reasonable determination of the Joint Lead Underwriters and Bookrunners, after consultation with the Issuer, impracticable to proceed with the Offer in the manner contemplated by the Approvals and this Offer Supplement, provided

that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Issuer's or Joint Lead Underwriters and Bookrunners' inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Bookrunners, or any other entity/person to take up any Offer Shares remaining after the Offer Period;

- b. An order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution, listing or issuance of the Offer Shares by any court or Governmental Authority (as defined under the section on "*Plan of Distribution – Withdrawal of the Offer*" of this Offer Supplement) having jurisdiction on the matter, including the SEC and the PSE;
- c. Suspension, cancellation, revocation, or termination of the Approvals;
- d. Trading in the PSE is closed or suspended for at least three (3) consecutive Trading Days other than due to weekends or declared holidays, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Issue Date or such other date as may be approved by the PSE;
- e. There is a change or impending change in any Philippine law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order issued, made, or adopted by any Governmental Authority (as defined under the section on "*Plan of Distribution – Withdrawal of the Offer*" of this Offer Supplement) which (i) materially and adversely affects: (a) the ability of the Issuer to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to offer and issue the Offer Shares and enter into the transaction documents in connection with the Offer; (c) any of the features of the Offer Shares, including the taxes on fees or costs in connection with the Offer, or (ii) renders illegal the performance by any of the Joint Lead Underwriters and Bookrunners of their respective obligations hereunder;
- f. Any significant, adverse, and unforeseeable change or development in the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;
- g. The Issuer decides to or is compelled through an official order, decree, or ruling issued by any competent court or Governmental Authority (as defined under the section on "*Plan of Distribution – Withdrawal of the Offer*" of this Offer Supplement) to stop its operations, which is not remedied within five (5) Business Days from receipt by the Issuer of a formal notice of such decision by such competent court or Governmental Authority (as the case may be);
- h. The Issuer shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or the Issuer shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; and such receiver, trustee or similar officer shall be appointed; or the Issuer shall initiate or institute (by petition, application or otherwise), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution,

liquidation, corporate rehabilitation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against the Issuer; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part of the Issuer's assets; or any event occurs which under the laws of the Philippines or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;

- i. A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;
- j. The commencement or the threatened commencement in writing by any entity, person or regulatory body of any public action, court proceeding, litigation, arbitration or other similar proceeding against the Joint Lead Underwriters and Bookrunners in connection with or with respect to the issuance or sale by the Issuer of the Offer Shares or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;
- k. Any court, arbitral tribunal, or Governmental Authority (as defined under the section on *"Plan of Distribution – Withdrawal of the Offer" of this Offer Supplement*) which has jurisdiction on the matter issues an order restraining or prohibiting the Joint Lead Underwriters and Bookrunners, or directing them to cease, from performing their underwriting obligations which makes it impossible for the Joint Lead Underwriters and Bookrunners to perform their underwriting obligations due to conditions beyond their control;
- l. Unavailability of PDTC's lodgment facilities and the PSE's listing facilities used for the Offer and/or listing prior to or on the target Issue Date and such unavailability effectively prevents the ability of the Issuer and the Joint Lead Underwriters and Bookrunners to fully comply with the listing requirements of the PSE, if the impact of such unavailability on the listing of the Offer Shares remains unresolved after discussions between the Issuer and the Joint Lead Underwriters and Bookrunners in good faith; and
- m. Any force majeure event, other than the ones enumerated above, that has material and adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

After the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended, or terminated solely by reason of the Issuer's or the Joint Lead Underwriters and Bookrunners' inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Bookrunners, or any other entity/person to take up any Offer Shares remaining after the Offer Period.

Notwithstanding the acceptance of any Application, the Offer Shares will be issued only upon listing of such Offer Shares on the PSE, and provided that the Underwriting Agreement shall not have been terminated or cancelled, on or before the Issue Date, in accordance with the provision of the said agreement. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Shares prior to the Issue Date pursuant to this section and the ***"Plan of Distribution – Withdrawal of the Offer"*** of this Offer Supplement, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Shares on Issue Date.

Notwithstanding the foregoing, the Company and the Joint Lead Underwriters and Bookrunners recognize and acknowledge that the PSE is a self-regulatory organization with a mandate to maintain a fair and orderly market. In this regard, the PSE may order the imposition of appropriate and reasonable sanctions and penalties on the relevant party for the cancellation of the Offer on or after the commencement of the Offer Period and prior to the Issue Date if, subsequently, the PSE determines that the cancellation or suspension of the Offer was not warranted based on the facts gathered and properly evaluated by the PSE and after due and proper proceedings initiated by the PSE not later than five (5) Business Days after such cancellation or suspension.

Local Small Investors

In compliance with Annexes A and B of PSE Memorandum No. 2024-0024 (“**Local Small Investors Guidelines**”), 10% of the Base Offer or 26,666,600 Offer Shares will be allocated to share subscribers who are willing to subscribe to a minimum board lot and whose individual subscription does not exceed ₱1,005,000.00 (“**Local Small Investors**”). A clawback mechanism is also adopted wherein the allocation to Local Small Investors is increased to 15% if the total demand is five times or more than the initial allocation for Local Small Investors. If the total demand for shares in the Local Small Investors’ subscription exceeds the maximum 15% under the clawback mechanism, the underwriter(s) shall allocate the shares by balloting.

Each Local Small Investor applicant may subscribe for a minimum of 500 Offer Shares and up to a maximum of 13,400 Offer Shares at the Offer Price.

Expected Timetable

The timetable of the Offer is expected to be as follows:

PSE Issuance of Notice of Approval of the Listing Application	October 9, 2025
Initial Dividend Rate Setting	October 10, 2025
Initial Dividend Rate Announcement	October 10, 2025
SEC Issuance of Permit to Sell	October 10, 2025
Offer Period	October 13-17, 2025
Trading Participants’ Submission of Firm Undertaking	October 15, 2025
Confirmation of Trading Participants’ Allocation	October 16, 2025
Issue Date and commencement of trading on the PSE	October 24, 2025

Any change in the dates included above may be subject to approval of the SEC and the PSE, as applicable, and other conditions.

Firm Commitment to Purchase

The Joint Lead Underwriters and Bookrunners will fully underwrite, on a firm commitment basis, the Base Offer, subject to the fulfillment of the conditions provided in the Underwriting Agreement. For further discussion please refer to the section on “*Plan of Distribution*” in this Offer Supplement.

After the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the (i) inability of the Company or the Joint Lead Underwriters and Bookrunners to sell or market the Offer Shares or (ii) the refusal or failure by the Company, the Joint Lead Underwriters and Bookrunners, or any other entity or person to comply with any undertaking or commitment to take up any shares remaining after the Offer Period.

Joint Issue Managers

Bank of Commerce, BDO Capital & Investment Corporation, and PNB Capital and Investment Corporation

Joint Lead Underwriters and Bookrunners	Bank of Commerce, BDO Capital & Investment Corporation, BPI Capital Corporation, China Bank Capital Corporation, Land Bank of the Philippines, Philippine Commercial Capital, Inc., PNB Capital and Investment Corporation, RCBC Capital Corporation, and Security Bank Capital Investment Corporation
	For more information on the Joint Lead Underwriters and Bookrunners and their underwriting commitments, please see <i>“Plan of Distribution”</i> in this Offer Supplement.
Assigned Joint Lead Underwriters for the Trading Participants	Bank of Commerce and Security Bank Capital Investment Corporation
Selling Agents	The Trading Participants of the Philippine Stock Exchange, Inc.
Depository Agent	Philippine Depository & Trust Corp.
Registrar/Stock Transfer Agent	SMC Stock Transfer Service Corporation
Receiving Agent	SMC Stock Transfer Service Corporation
Counsel to the Issuer	Picazo Buyco Tan Fider Santos & Dee
Counsel to the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners	SyCip Salazar Hernandez & Gatmaitan

DESCRIPTION OF THE OFFER SHARES

Set forth below is information relating to the Offer Shares. This description is only a summary and is qualified by reference to Philippine law and the Amended Articles of Incorporation and Amended By-laws of SMC, as may be amended from time to time.

Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and the by-laws of the corporation.

SMC has an authorized capital stock of ₱30,000,000,000.00, divided into 2,885,247,463 common shares and 3,114,752,537 Series 2 Preferred Shares, all with par value of ₱5.00. Below is a table illustrating the issued and outstanding shares of the Company as of June 30, 2025:

Share Class	Issued	Outstanding
Common Shares	2,383,896,588	2,383,896,588
Series "2-F" ³	223,333,500	223,333,500
Series "2-I"	169,333,400	169,333,400
Series "2-J" ⁴	266,666,667	266,666,667
Series "2-K" ⁵	183,904,900	183,904,900
Series "2-L"	165,358,600	165,358,600
Series "2-M"	173,333,325	173,333,325
Series "2-N"	100,115,100	100,115,100
Series "2-O"	187,859,700	187,859,700
TOTAL	3,853,801,780	3,853,801,780

The Issuance of the Offer Shares

On June 14, 2012, the stockholders of the Company approved the amendment of the Articles of Incorporation creating the Series 2 Preferred Shares and delegated to the Board of Directors the authority to determine the terms and conditions of the issuance of the Offer Shares through the approval of the relevant enabling resolutions.

On September 7, 2023, the Board of Directors authorized the sale and offer of up to 866,666,700 Offer Shares, at an offer price of ₱75.00 per share under a shelf registration to be issued in tranches within a period of three (3) years, under such terms and conditions as the management of SMC may deem advantageous to it (the **"Enabling Resolutions"**). The approval by the Board of Directors of the Enabling Resolutions to issue Offer Shares is pursuant to the Amended Articles of Incorporation of the Company which allow the issuance of Offer Shares through enabling resolutions.

The Offer Shares will be issued from the Series 2 Preferred Shares held in treasury by the Company.

The Company has filed an application for the listing of the Offer Shares on the PSE. At any time after the Offer Shares are listed on the Main Board of the PSE, SMC may purchase the Offer Shares, then tradeable at that time, at any time in the open market or by public tender or by private contract at any price through the PSE. On October 9, 2025, the Company received the PSE Notice of Approval for the listing of the Offer Shares.

Shelf Registration and Features of the Offer Shares

³ As of September 22, 2025, all of the Series 2F Preferred Shares have been redeemed.

⁴ As of October 10, 2025,  Series 2J Preferred Shares have been tendered to the Company to be exchanged for any one of the Series 2P, 2Q, and 2R Preferred Shares. Any remaining 2J Preferred Shares which have not been exchanged shall be redeemed on October 29, 2025.

⁵ As of October 10, 2025,  Series 2K Preferred Shares have been tendered to the Company to be exchanged for any one of the Series 2P, 2Q, and 2R Preferred Shares. Any remaining 2K Preferred Shares which have not been exchanged shall be redeemed on December 10, 2025.

In accordance with the Amended Articles of Incorporation of the Company and as approved by the Board of Directors of the Company through the Enabling Resolutions, the Offer Shares are Philippine Peso-denominated, perpetual, cumulative, non-voting, non-participating and non-convertible, redeemable, re-issuable, each with different features on dividend rate, redemption, and adjustment of dividend rate. The number of Offer Shares to be allocated to each subseries shall be determined by the Board of Directors of the Company. SMC can issue the Offer Shares only upon full payment by the subscribers of the offer price for the said shares which shall be ₱75.00 per share.

The Offer Shares form part of the Shelf Registered Shares to be issued in tranches within a period of five (5) years from the effective date of the Registration Statement. The specific terms of each tranche of offer and sale of the Shelf Registered Shares shall be determined by the Company taking into account prevailing market conditions at the time of sale and shall be set out in the relevant offer supplement. Registration of the Shelf Registered Shares was previously approved and the shelf registration was rendered effective by the SEC on November 9, 2023 under MSRD Order No. 62, Series of 2023. The Company will secure a permit to sell from the SEC for the Offer Shares.

The Offer Shares have a par value of ₱5.00 per share and with the following general features (for the specific terms of the Offer Shares, please see “Description of the Offer Shares” on page [55] of this Offer Supplement):

- (a) **Dividends** – The Board of Directors shall have the sole discretion to declare dividends on the Series 2 Preferred Shares, including the Offer Shares, provided that SMC has unrestricted retained earnings and the rate of dividend or formula for determining the same rate shall be indicated in the relevant enabling resolutions.

The holders of the Series 2 Preferred Shares, including the Offer Shares, shall not be entitled to any participation or share in the retained earnings remaining after dividend payment shall have been made on the shares as aforementioned, nor shall they be entitled to any other kind of dividend payment whether cash, property, or stock, other than corresponding to the dividend rate determined by the Board of Directors.

For the dividend rights on the Offer Shares, please see “Description of the Offer Shares” on page [55] of this Offer Supplement

Dividend Policy in Respect of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares

The declaration and payment of cash dividends on the Offer Shares on each Dividend Payment Date (as defined below) will be subject to the sole and absolute discretion of the Issuer’s Board of Directors to the extent permitted by law, and subject to the covenants (financial or otherwise) in the agreements to which the Company is a party. The declaration and payment of dividends (except stock dividends) do not require any further approval from the shareholders.

Cash dividends on the Offer Shares will be payable once for every Dividend Period (as defined below) on such date set at the time of declaration by the Board of Directors (each a “**Dividend Payment Date**”) in accordance with the terms and conditions of the Offer Shares. The Dividend Payment Date shall be any day within the period commencing on (and including) the last day of a Dividend Period and seven (7) Trading Days from the end of the relevant Dividend Period.

The quarterly dividend is computed by multiplying the Issue Price by the applicable Dividend Rate, and thereafter dividing by four. For the first Dividend Period, the dividend will be pro-rated to cover only the number of days from the Issue Date up to the end of such Dividend Period. For the succeeding Dividend Periods, the corresponding Dividend Payment Date may also fall on any date between the last day of the Dividend Period and seven (7) Trading Days from the end of the relevant Dividend Period.

A “**Dividend Period**” shall refer to the period commencing on the Issue Date and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of the immediately succeeding Dividend Period; provided that, the first Dividend Period of the Offer Shares shall be the period commencing on the Issue Date and ending on the last day of the then current Dividend Period for the outstanding Series 2 Preferred Shares, and provided further that, the last Dividend Period of the Offer Shares shall be the period commencing on the first day of the then current Dividend Period of the Offer Shares and ending on the Optional Redemption Date. If a Dividend Payment Date occurs after

the end of a Dividend Period, there shall be no adjustment to the amounts of dividends to be paid.

For reference, the current dividend periods for the outstanding Series “2” Preferred Shares are as follows:

- September 21 – December 20
- December 21 – March 20
- March 21 – June 20
- June 21 – September 20

To align with the dividend periods of the Company’s outstanding Series “2” Preferred Shares, the dividend periods of the Offer Shares shall be adjusted to as follows:

First Dividend Period

If the Issue Date of the Offer Shares is on October 24, 2025, the first Dividend Period for the Offer Shares shall be from October 24, 2025 to December 20, 2025 or a cash dividend payment equivalent to fifty-eight (58) days.

Last Dividend Period

For example:

(i) If the Issuer will redeem the Series 2-S Preferred Shares on the third (3rd) anniversary of the Issue Date or on October 24, 2028, the last Dividend Period for the Series 2-S Preferred Shares will be from September 21, 2028 to October 24, 2028 or a cash dividend payment equivalent to thirty-four (34) days.

(ii) If the Issuer will redeem the Series 2-S Preferred Shares on the last day of any Dividend Period after the third (3rd) anniversary of the Issue Date, for instance on March 20, 2029, the last Dividend Period for the Series 2-S Preferred Shares will be from December 21, 2028 to March 20, 2029 or a cash dividend payment equivalent to ninety (90) days.

(iii) If the Issuer will redeem the Series 2-S Preferred Shares on the fifth (5th) anniversary of the Issue Date or on October 24, 2030, the last Dividend Period for the Series 2-S Preferred Shares will be from September 21, 2030 to October 24, 2030 or a cash dividend payment equivalent to thirty-four (34) days.

The dividends on the Series 2-S, Series 2-T, and Series 2-U Preferred Shares will be calculated on a 30/360-day basis.

If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.

As and if cash dividends are declared by the Board of Directors, cash dividends on the Series 2-S, Series 2-T, and Series 2-U Preferred Shares shall be at the fixed rate of [●], [●], and [●] per annum, respectively, in all cases calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period (each, the “**Initial Dividend Rate**” for the relevant subseries).

Dividend Rate means (a) from the Issue Date up to the relevant Step-Up Date, the applicable Initial Dividend Rate, and (b) from the relevant Step-Up Date, until the date the Series 2-S, Series 2-T, and Series 2-U Preferred Shares are redeemed, the higher of the applicable Initial Dividend Rate and the applicable Step-Up Rate. (Please see below relevant definitions.)

Dividends on the Series 2-S, Series 2-T, and Series 2-U Preferred Shares will be cumulative. If for any reason the Issuer’s Board of Directors does not declare dividends on the Series 2-S, Series 2-T, and Series 2-U Preferred Shares for a Dividend Period, the Issuer will not pay dividends on such Dividend Payment Date for such Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares must receive the dividends due to them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares prior to such Dividend Payment Date.

Dividend Rate Step-Up

Unless the Offer Shares are redeemed by the Issuer, in respect of the Series 2-S Preferred Shares, five (5) years from the Issue Date (the “**Series 2-S Step-Up Date**”), in respect of the Series 2-T Preferred Shares, seven (7) years from the Issue Date (the “**Series 2-T Step-Up Date**”), and in respect of the Series 2-U Preferred Shares, ten (10) years from the Issue Date (the “**Series 2-U Step-Up Date**”), or on the next Business Day in case the relevant Step-Up Date falls on a non-Business Day, the dividends on each subseries will be adjusted as follows:

- (a) for the Series 2-S Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the 10-year BVAL (or if the 10-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the Philippine Dealing System Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-S Step-Up Date, plus 3.00% (the “**Series 2-S Step-Up Dividend Rate**”);
- (b) for the Series 2-T Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the interpolated 15-year BVAL (or if the interpolated 15-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the Philippine Dealing System Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-T Step-Up Date, plus 3.00% (the “**Series 2-T Step-Up Dividend Rate**”); and
- (c) for the Series 2-U Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the 20-year BVAL (or if the 20-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the Philippine Dealing System Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-U Step-Up Date, plus 3.00% (the “**Series 2-U Step-Up Dividend Rate**”);

provided, that in the event the relevant Step-Up Date falls on a day that is not a Business Day:

- (i) the rate setting will be done on the immediately succeeding Business Day using the average of the relevant BVAL rates for the three (3) consecutive Business Days preceding and inclusive of the said rate setting date; and
- (ii) the higher of the applicable Initial Dividend Rate and the applicable Step-Up Dividend Rate will be applied commencing on the relevant Step-Up Date (which is five (5) years from the Issue Date of the Series 2-S Preferred Shares, seven (7) years from the Issue Date of the Series 2-T Preferred Shares, and ten (10) years from the Issue Date of the anniversary of the Series 2-U Preferred Shares).

(Each of the Series 2-S Step-Up Dividend Rate, Series 2-T Step-Up Dividend Rate, and the Series 2-U Step-Up Dividend Rate being a “**Step-Up Dividend Rate**”.)

- (b) **Conversion** – The Offer Shares are not convertible to any common shares or other preferred shares of the Company.
- (c) **Redemption** – SMC has the option, but not the obligation, to redeem in whole, but not in part, any subseries of the Offer Shares at such time that the Board of Directors shall determine. The Offer Shares, when redeemed, shall not be considered retired and may be re-issued by SMC at a price to be determined by the Board of Directors.

As and if declared by the Board of Directors, SMC may redeem the Offer Shares on the redemption price

determined therefor.

If at any time, SMC is allowed to redeem more than one subseries of the Offer Shares, and provided that such subseries is already redeemable in accordance with the terms and conditions of their issuance, SMC has the option to redeem, without preference or priority, in whole (but not in part), any or all of the subseries of the Offer Shares.

SMC is not legally required, has not established, and currently has no plans to establish, a sinking fund for the redemption of the Offer Shares.

Redemption of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares

As and if approved by the Board of Directors, the Company may redeem in whole (but not in part), any subseries of the Offer Shares as follows:

- a. in respect of Series 2-S Preferred Shares, on the third (3rd) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-S Optional Redemption Date**”);
- b. in respect of Series 2-T Preferred Shares, on the fifth (5th) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-T Optional Redemption Date**”); and
- c. in respect of Series 2-U Preferred Shares, on the seventh (7th) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-U Optional Redemption Date**”)

(each of the Series 2-S Optional Redemption Date, Series 2-T Optional Redemption Date, and Series 2-U Optional Redemption Date, being an “**Optional Redemption Date**”), after giving not more than 60 nor less than 30 days’ prior written notice to the intended date of redemption, at a redemption price equal to the Offer Price of the Offer Shares plus all dividends due them on such date of redemption as well as all Arrears of Dividends after deduction of transfer costs customarily chargeable to stockholders, as applicable, to effect the redemption (the “**Redemption Price**”). Such notice to redeem shall be deemed irrevocable upon issuance thereof.

For the avoidance of doubt, on the applicable Optional Redemption Date, the Issuer has the option to redeem, in whole but not in part, the Series 2-S, Series 2-T, and Series 2-U Preferred Shares.

In the event an Optional Redemption Date which the Issuer has chosen as the date to redeem the Series 2-S, Series 2-T, and Series 2-U Preferred Shares falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Price and the amount of dividends to be paid.

The Issuer may also redeem the Series 2-S, Series 2-T, and Series 2-U Preferred Shares, in whole but not in part, at any time prior to any Optional Redemption Date if an Accounting Event or a Tax Event (each as defined below) has occurred and is continuing. The redemption due to an Accounting Event or a Tax Event shall be made by the Issuer at the Redemption Price.

Redemption by reason of tax event

All payments in respect of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Government, including, but not limited to, stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that the holders of Series 2-S, Series 2-T, and Series 2-U Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable, provided, however, that the Issuer shall not be liable for: (a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares, including any additional tax on such dividends

imposed by changes in law, rule, or regulation; (b) any income tax (whether or not subject to withholding); percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares or on the liquidating distributions as may be received by a holder of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares; (c) any expanded value added tax which may be payable by any holder of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares on any amount to be received from the Issuer under the terms and conditions of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares; (d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend payable to any holder of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares or any entity which is a non-resident foreign corporation; and (e) any applicable taxes on any subsequent sale or transfer of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares by any holder of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

In the event payments in respect of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares become subject to additional withholding or any new tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer ("**Tax Event**"), the Issuer may redeem each of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares at any time in whole but not in part, at the Redemption Price ("**Redemption by reason of Tax Event**").

Redemption by reason of an Accounting Event

In the event an opinion of a recognized accounting firm authorized to perform auditing services in the Government has been delivered to the Issuer stating that there is more than an insubstantial risk that the Series 2-S, Series 2-T, and Series 2-U Preferred Shares may no longer be recorded as equity in the audited consolidated financial statements of the Issuer prepared in accordance with Philippine Financial Reporting Standards ("**PFRS**"), or such other accounting standards which succeed PFRS as adopted by the Issuer for the preparation of its audited consolidated financial statements for the relevant financial year, and such event cannot be avoided by use of reasonable measures available to the Issuer ("**Accounting Event**"), the Issuer may redeem each of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares in whole, but not in part, at the Redemption Price ("**Redemption by reason of an Accounting Event**").

- (d) **Liquidation** – In the event of a return of capital in respect of liquidation, dissolution, bankruptcy or winding up of the affairs of SMC but not on a redemption or purchase by SMC of any of its share capital, the holders of the Offer Shares at the time outstanding will be entitled to receive, in Philippine Pesos, out of the assets of SMC available for distribution to shareholders, together with the holders of any other shares of SMC ranking, as regards repayment of capital, *pari passu* with the Offer Shares and before any distribution of assets is made to holders of any class of shares ranking after the Offer Shares as regards repayment of capital, liquidating distributions in an amount equal to the Redemption Price of (and including) the date of commencement of the winding up of SMC or the date of any such other return of capital, as the case may be. If, upon any return of capital in the winding up of SMC, the amount payable with respect to Series 2 Preferred Shares, inclusive of the Offer Shares are not paid in full, the holders of such shares will share proportionately in any such distribution of the assets of SMC in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Offer Shares will have no right or claim to any of the remaining assets of SMC and will not be entitled to any further participation or return of capital in a winding up.

Liquidation Right of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares

Each of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares has a liquidation right equal to the Offer Price of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares plus an amount equal to any dividends declared but unpaid in respect of the previous Dividend Period and any accrued and unpaid dividends for the then current Dividend Period to (and including) the date of commencement of the Company's winding up or the date of any such other return of capital, as the case may be (the "**Liquidation Right**").

In the event of the winding-up of the Company, the Series 2-S, Series 2-T, and Series 2-U Preferred Shares

rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Offer Shares. The Offer Shares, however, rank *pari passu* with other preferred shares. There is a substantial risk that an investor in the Offer Shares will not receive any return of the principal amount or any unpaid amounts due under the terms of the Offer unless SMC can satisfy in full all of its other obligations ranking senior to the Offer Shares.

- (e) **Voting Rights** – Holders of the Series 2 Preferred Shares shall not be entitled to vote except in cases expressly provided by law. Thus, the holders of the Offer Shares are not eligible, for example, to vote for or elect the Board of Directors of SMC. Holders of the Series 2 Preferred Shares, including the Offer Shares, however, may vote on matters which the Revised Corporation Code considers significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. The following acts require the approval of the shareholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of SMC in a meeting duly called for the purpose:

- Amendment of the Amended Articles of Incorporation (including any increase or decrease of capital stock);
- Delegation to the Board of Directors of the power to amend or repeal the Amended By-laws or to adopt a new by-laws;
- Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of SMC;
- Incurring, creating or increasing bonded indebtedness;
- Increase or decrease of authorized capital stock;
- Merger or consolidation of SMC with another corporation or corporations;
- Investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which SMC was organized;
- Ratification of contracts of a director or an officer with SMC;
- Extension or shortening of the corporate term of SMC;
- Declaration and issuance of stock dividends; and
- Dissolution of SMC.

However, for the amendment of the Amended By-laws, the stockholders of the corporation representing at least 2/3s of the outstanding capital stock, approved the delegation to the Board of Directors the power to amend its By-laws.

- (f) **Pre-emptive Rights** – Holders of the Series 2 Preferred Shares including the Offer Shares, shall have no pre-emptive right to any issue or disposition of any class of any share of SMC.

Other Rights and Incidents Relating to the Preferred Shares

The other rights and incidents relating to the Offer Shares, which may also apply to other classes of shares of SMC, are as follows:

Derivative Suit

Philippine law recognizes the right of a shareholder to institute, under certain circumstances, proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights, as for example, where the directors themselves are the malefactors.

Appraisal Rights

The Revised Corporation Code grants a shareholder a right of appraisal in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all of the assets of the corporation;
- the investment of corporate funds in another corporation or business for any purpose other than the primary purpose for which the corporation was organized; and
- a merger or consolidation.

In these circumstances, the dissenting shareholder may require the corporation to purchase his shares at a fair value which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. The SEC will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. The dissenting shareholder will be paid if the corporate action in question is implemented and the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders.

Shareholders' Meetings

At the annual meeting or at any special meeting of shareholders of the Company, the latter may be asked to approve actions requiring shareholder approval under Philippine law.

Quorum

The Revised Corporation Code provides that, except in instances where the assent of shareholders representing two-thirds of the outstanding capital stock is required to approve a corporate act (usually involving the significant corporate acts where even non-voting shares may vote, as identified above) or where the by-laws provide otherwise, a quorum for a meeting of shareholders will exist if shareholders representing a majority of the capital stock are present in person or by proxy.

Voting

Holders of the Offer Shares shall not be entitled to vote except in cases specifically set forth in the Amended Articles of Incorporation of the Company and as expressly provided by law. At any such shareholders' meeting where holders of the Offer Shares are allowed to vote, each holder of the Offer Shares shall be entitled to vote in person, or by proxy, all shares held by him which have voting power, upon any matter duly raised in such meeting.

The By-laws of SMC provide that proxies shall be in writing and signed and in accordance with the existing laws, rules and regulations of the SEC. Duly accomplished proxies must be submitted to the office of the Corporate Secretary not later than ten (10) Trading Days prior to the date of the shareholders' meeting.

Fixing Record Dates

The Board of Directors has the authority to fix in advance the record date for shareholders entitled: (a) to notice of, to vote at, or to have their votes voted at, any shareholders' meeting; (b) to receive payment of dividends or other distributions or allotment of any rights; or (c) for any lawful action or for making any other proper determination of shareholders' rights. The Board of Directors may, by resolution, direct the stock transfer books of the Company be closed for a period not exceeding 20 working days preceding the date of any meeting of shareholders. The record date shall in no case be earlier than 45 working days nor later than 10 working days preceding such meeting of shareholders.

Accounting and Auditing Requirements/Rights of Inspection

Philippine stock corporations are required to file copies of their annual financial statements with the SEC. Corporations whose shares are listed on the PSE are also required to file quarterly and annual reports with the SEC and the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board of Directors is required to present to shareholders at every annual meeting a financial report of the operations of the corporation for the preceding year. This report is required to include audited financial statements.

Changes in Control

There is no provision in the Amended Articles of Incorporation and Amended By-laws of SMC which would delay, deter or prevent a change in control of SMC. There are no existing arrangements to which SMC is a party or which are otherwise known to SMC that may result in a change in control of SMC.

Differences in the features of the Common Shares and the Series 2 Preferred Shares

Feature	COMMON SHARES	SERIES "2" PREFERRED SHARES ⁶
Entitlement to Dividends	<u>Declaration of Dividends at the Option of the Board</u>	<u>Declaration of Dividends at the Option of the Board</u>
	The holders of common shares may be entitled to receive dividends upon declaration made at the sole option of the Board of Directors.	<i>The holders of Series "2" Preferred Shares shall be entitled to receive cash dividends upon declaration made at the sole option of the Board of Directors.</i>
	<u>No Fixed Dividend Rate</u>	<u>Fixed Dividend Rate</u>
	There is no fixed dividend rate for common shares. Historically, the Company declares a cash dividend of ₱0.35 on a quarterly basis.	<i>The dividend rate shall be determined by the Board of Directors prior to the Issue Date.</i>
		<u>Dividend Rate Adjustment</u>
		<i>Dividend rate adjustment, if any, shall be determined by the Board of Directors prior to the Issue Date</i>
	<u>Subordinate to Series "2" Preferred Shares</u>	<u>When Payable</u>
	No dividend shall be declared and paid to holders of common shares unless cash dividends shall have been declared and paid to all holders of Series "2" Preferred Shares.	<i>It is envisioned that the dividends declared shall be payable quarterly, beginning on the third month after the Issue Date of the Series "2" Preferred Shares and every three months thereafter (each, a "Dividend Payment Date").</i>
	<u>Non-cumulative</u>	<u>Cumulative</u>
	The dividends on the common shares are non-cumulative.	<i>It is envisioned that the dividends on the Series "2" Preferred Shares shall be cumulative. (This means that if the profits in any year are not enough to pay the preferred dividends, the deficiency is made up from the profits of the subsequent year.)</i>
		<u>Non-Participating</u>
		<i>The holders of the Series "2" Preferred Shares shall not be entitled to any participation or share in the retained earnings remaining after dividend payment shall have been made on said Series "2" Preferred Shares. The holders of the Series "2" Preferred Shares shall not be entitled to participate or share in any other distribution or payment of dividends other than corresponding to the dividend rate prescribed in the Enabling Resolutions.</i>
Redeemability	<u>Non-redeemable</u>	<u>Redeemable</u>
	Common Shares are not redeemable.	<i>It is envisioned that the Series "2" Preferred Shares shall be redeemable in whole or in part, at the sole option of the Company.)</i>

⁶ Features of the Series "2" Preferred Shares as quoted from the Amended Articles of Incorporation of the Company.

Feature	COMMON SHARES	SERIES "2" PREFERRED SHARES ⁶
		<p><i>The Series "2" Preferred Shares, when redeemed, shall not be considered retired and may be re-issued by the Company at a price to be determined by the Board of Directors.</i></p> <p><i>Series "2" Preferred Shares are also perpetual or have no stated maturity.</i></p>
Rights Upon Liquidation/ Dissolution/ Bankruptcy/ Winding Up	<u>Subordinate to Series "2" Preferred Shares</u>	<u>Preference over Common Shares upon Liquidation</u>
	<p>The right of the holders of Common Shares to receive any asset of the Company in case of liquidation, dissolution, bankruptcy or winding up of the Company is subordinate to the holders of the Series "2" Preferred Shares.</p>	<p><i>In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of the Company, the holders of the Series "2" Preferred Shares shall enjoy preference in the payment, in full, or if the remaining assets of the Company are insufficient, on a pro-rata basis as among all holders of outstanding Series "1" and Series "2" Preferred Shares, of the Issue Price of their shares plus any previously declared and unpaid dividends, before any asset of the Company is paid or distributed to the holders of Common Shares.</i></p>
Voting Rights	<u>With Voting Rights</u>	<u>No Voting Rights</u>
	<p>Common stockholders have the right to vote on all matters requiring stockholders' approval. Under the Revised Corporation Code, the following corporate actions require the approval of the stockholders of a corporation:</p> <ul style="list-style-type: none"> • Amendment of articles of incorporation; • Adoption and amendment of by-laws; • Sale, lease, exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property; • Incurring, creating or increasing bonded indebtedness; • Increase or decrease of capital stock; • Merger or consolidation with another corporation or other corporations; • Investment of corporate funds in another corporation or business; • Dissolution; • Removal of directors; • Ratification of the contract of a self-dealing director or officer/ratification of act of a disloyal director who obtains profits to the prejudice of the corporation; • Extension or shortening of the corporate term; 	<p><i>The holders of the Series "2" Preferred Shares shall not be entitled to vote except in the following instances:</i></p> <ul style="list-style-type: none"> • <i>Amendment of articles of incorporation;</i> • <i>Adoption and amendment of by-laws;</i> • <i>Sale, lease exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property;</i> • <i>Incurring, creating or increasing bonded indebtedness;</i> • <i>Increase or decrease of capital stock;</i> • <i>Merger or consolidation with another corporation or other corporations;</i> • <i>Investment of corporate funds in another corporation or business; and</i> • <i>Dissolution.</i>

Feature	COMMON SHARES	SERIES "2" PREFERRED SHARES ⁶
	<ul style="list-style-type: none"> • Declaration of stock dividends; • Approval of management contracts; and • Delegation of the power to amend or repeal by-laws or adopt new by-laws to the board of directors or trustees. 	
Pre-Emptive Right	<u>No Pre-Emptive Right</u>	<u>No Pre-Emptive Right</u>
	There shall be no pre-emptive right to any issuance of common shares.	<i>The holders of the Series "2" Preferred Shares shall have no pre-emptive right to any issue or disposition of any share of any class of the Company.</i>
PSE Listing	<u>Listed with the PSE</u>	<u>Listed with the PSE</u>
	The common shares of the Company are listed with and traded on the PSE.	<i>The Series "2" Preferred Shares are listed with the PSE, but, to the extent redeemed, subject to trading suspension. The additional issuance of Series "2" Preferred Shares shall be listed with the PSE upon issuance.</i>

CAPITALIZATION

The following table sets forth the unaudited consolidated short-term and long-term debt and capitalization of SMC as of June 30, 2025. This table should be read in conjunction with the more detailed information and reviewed and unaudited financial statements, including notes thereto, found in Appendix A in this Offer Supplement.

(In Million Php)	As at June 30, 2025 (Unaudited)	Adjustments	Notes	As adjusted for Base Offer Size of 266,666,600 Shares	As adjusted for maximum Offer Size of 133,333,400 Shares
Current Liabilities					
Loans payable	215,544			215,544	215,544
Accounts payable and accrued expenses	246,724			246,724	246,724
Lease liabilities - current portion	6,472			6,472	6,472
Income and other taxes payable	37,831			37,831	37,831
Dividends and distributions payable	5,221			5,221	5,221
Current maturities of long-term debt - net of debt issue cost	125,230			125,230	125,230
Total Current Liabilities	637,022			637,022	637,022
Noncurrent Liabilities					
Long term-debt - net of current maturities and debt issue costs	1,163,526			1,163,526	1,163,526
Lease liabilities - net of current portion	28,701			28,701	28,701
Deferred tax liabilities	27,514			27,514	27,514
Other noncurrent liabilities	23,129			23,129	23,129
Total Noncurrent Liabilities	1,242,870			1,242,870	1,242,870
Total Liabilities	1,879,892			1,879,892	1,879,892
Equity Attributable to Equity Holders of the Parent Company					
Common stock - P5.00 par value <i>As of June 30, 2025</i>	16,443			16,443	16,443

Authorized -
3,790,000,000
shares
Issued -
3,288,649,125
shares
Outstanding -
2,383,896,588
shares
As of July 7, 2025

Authorized -
2,885,247,463
shares
Issued -
2,383,896,588
shares
Outstanding -
2,383,896,588
shares

Series "1"
Preferred stock – 1,397 1,397 1,397
P5.00 par value
As of June 30,
2025

Authorized -
300,000,000
shares
Issued -
279,406,667
shares
Outstanding - nil
As of July 7, 2025

Authorized -
nil
Issued - nil
Outstanding - nil

Series "2"
Preferred stock - 10,187 10,187 10,187
P5.00 par value
As of June 30,
2025

Authorized -
2,210,000,000
shares
Issued -
2,037,506,353
shares
Outstanding -
1,469,905,192
shares
As of July 7, 2025

Authorized -
3,114,752,537
shares
Issued -
2,942,258,890
shares

Outstanding -
1,469,905,192
shares

Upon issuance of
the Offer Shares

Authorized -
3,114,752,537
shares

Issued -
2,942,258,890
shares

Outstanding -
1,646,571,692
shares ^(2, 3 4, and 5)

Additional paid-in capital	177,442			177,442	177,442
Capital securities	24,211			24,211	24,211
Equity reserves	17,743			17,743	17,743
Retained earnings					
Appropriated	85,276			85,276	85,276
Unappropriated	118,185			118,185	118,185
Treasury stock	(109,763)	(16,750)	2	(106,513)	(96,513)
			3 ^(a)		
		20,000			
			3 ^(b)		
		10,000			
			4 ^(a)		
		(33,793)			
			4 ^(b)		
		33,793			
Non-controlling interests	398,170			398,170	398,170
Total Equity	737,894			741,144	751,144
Total Capitalization	2,617,786			2,621,036	2,631,036

1 On July 7, 2025, the SEC approved the amendments to the Articles of Incorporation of the Parent Company, specifically:
i. the reclassification of the 904,752,537 common shares currently held as treasury shares, into Series "2" Preferred Shares held in treasury; and
ii. the amendment of the authorized capital stock of the Parent Company from P30,000 million with a par value of P5.00 per share or 6,000,000,000 shares divided into 3,790,000,000 common shares and 2,210,000,000 Series "2" Preferred Shares to 2,885,247,463 common shares and 3,114,752,537 Series "2" Preferred Shares.

2 On September 22, 2025, the Parent Company redeemed the 223,333,500 Subseries "2-F" Preferred Shares at P75.00 per share amounting to P16,750 million.

3 The Parent Company is making a public offering of 266,666,600 Series "2" Preferred Shares^(a) with an oversubscription option of 133,333,400 Series "2" Preferred Shares^(b), out of the Treasury Shares at P75.00 per share amounting to P30,000 million.

4 These amounts assume that all of the Series 2J Preferred Shares and Series 2K Preferred Shares^(a) are exchanged for the same number of Series 2P, 2Q, and 2R Preferred Shares^(b).

5 The adjustments do not include any transaction cost.

2	Redemption of Series "2" Preferred Shares - Subseries "2-F" Subseries "2-F"	Date	Number of Shares	Redemption Price Per Share	Amount	
		September 22, 2025	223,333,500	₱75.00	₱ 16,750,012,500.00	2
3	Issuance of Series "2" Preferred Shares - Subseries "2-S", Subseries "2-T" and Subseries "2-U" Base offer	Date	Number of Shares	Issue Price Per Share	Amount	
		October 24, 2025	266,666,600	₱75.00	₱ 19,999,995,000.00	3 ^(a)
		Oversubscription option	October 24, 2025	₱75.00	10,000,005,000.00	3 ^(b)
			400,000,000		₱ 30,000,000,000.00	
4	Offer exchange at a rate of one Exchange Share to one of any of the Series "2" Preferred Shares, to be reissued in Subseries "2-P", Subseries "2-Q" and Subseries "2-R" Subseries "2-J"	Date	Number of Shares	Redemption Price Per Share	Amount	
		October 29, 2025	266,666,667	₱75.00	₱ 20,000,000,025.00	
		Subseries "2-K"	December 10, 2025	₱75.00	13,792,867,500.00	
			450,571,567		₱ 33,792,867,525.00	4 ^(a) and 4 ^(b)

RISK FACTORS

General Risk Warning

An investment in the Offer Shares involves a number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of the Offer Shares. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the business, financial condition, and results of operations and cause the market price of the Offer Shares to decline. All or part of an investment in the Offer Shares could be lost. Investors deal in a range of investments each of which may carry a different level of risk.

The means by which we intend to address the risk factors discussed herein are principally presented under “The Company” beginning on page [144], “Management’s Discussion and Analysis of Results of Operations and Financial Condition” beginning on page [294], and “Management” on page [251] of this Offer Supplement.

The risk factors discussed in this section are of equal importance and are separated into categories for ease of reference only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to our business, results of operations, financial condition, and prospects.

Prudence Required

The risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study on the trading of these securities before commencing any trading activity. Investors may request publicly available information on the Offer Shares and SMC from the SEC, PDEx, and PSE.

Professional Advice

An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially high-risk securities.

Risk Factors

This Offer Supplement contains forward-looking statements that involve risks and uncertainties. SMC adopts what it considers conservative financial and operational controls and policies to manage its business risks. The actual results may differ significantly from the results discussed in the forward-looking statements. See section “Forward-Looking Statements” of this Offer Supplement. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of SMC, in particular, and those that pertain to the over-all political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.

Investors should carefully consider all the information contained in this Offer Supplement including the risk factors described below, before deciding to invest in the Offer Shares. The business, financial condition, and results of operations of the Company could be materially and adversely affected by any of these risk factors.

RISKS RELATING TO SMC AND THE SMC GROUP

Diversification of businesses and acquisition of new businesses

The traditional core businesses of the Company comprise beverage, food, and packaging products. Since embarking on its diversification strategy in 2007, the Company has expanded its businesses to include fuel and oil, energy, infrastructure and cement, among others. SMC implemented this strategy through a series of acquisitions and investments and intends to continue to pursue this diversification strategy through further acquisitions and investments to enhance its product and brand portfolio, and realize other strategic and cost benefits.

The diversification strategy of SMC involves a number of risks and challenges, including substantial financial investments, the diversion of management's time and resources, and managing a broader scope of businesses and risks inherent in making new acquisitions and investments. Growth through acquisitions involves business risks, including unforeseen contingent risks, latent business liabilities, and other challenges that may only become apparent after the acquisition is finalized, such as the successful integration and management of the acquired business by the Company, retention of key personnel, joint sales and marketing efforts, and management of a larger business. In addition, there is no assurance that the Company will achieve the anticipated benefits, expected returns, strategic benefits or synergies of an acquisition, or that the Company will be as successful in new businesses as it has been in its traditional core businesses. Failure to successfully implement its diversification strategy, to integrate acquired businesses or to realize the anticipated benefits of acquisitions or investments could materially and adversely affect the business, financial condition, results of operations, and prospects of the Company.

The Company, through its mergers and acquisitions team, undertakes prudent review and due diligence, and evaluates the viability of any acquisition or investment. In addition, the Company is guided by metrics when assessing possible investments, which include, but not limited to, financial returns and possible synergies across the SMC Group, with an overall objective of maximizing returns for its shareholders.

Potential shortage of raw materials

The products and businesses of the SMC Group, specifically, the beverage, food, packaging, fuel and oil, and energy and cement businesses, depend on the availability of raw materials. Most of these raw materials, including some critical raw materials, are procured from third parties. These raw materials are subject to price volatility caused by a number of factors, including changes in global supply and demand, foreign exchange rate fluctuations, weather conditions, and governmental controls.

Food & Beverage

The products and businesses of SMFB and its subsidiaries rely on the availability of raw materials, most of which, including certain critical ones, are sourced from third parties. These materials are subject to price volatility driven by various factors, such as global supply and demand dynamics, foreign exchange fluctuations, shipping and other transport-related issues, weather conditions, crop quality and yield, trade and tariff policies, and government regulations and controls. There is no assurance that raw materials will be available in sufficient quantities or of the required quality to meet operational needs, or that they will not experience significant price fluctuations in the future. Shortages could also delay the supply of products to customers.

In addition, market prices of raw materials may rise sharply in the event of supply shortages caused by competing usage, severe weather, natural disasters, or shifts in demand from other countries. SMFB and its subsidiaries' ability to pass on higher costs to consumers through price increases is influenced by competitive conditions and pricing strategies in its various markets. There is no assurance that increases in product costs can be fully passed on to consumers, or that such increases will not affect price competitiveness and result in consumers choosing competing products or shifting to lower-priced alternatives.

Water is critical in SMFB and its subsidiaries' operations, and future supply shortages or cost increases could pose risks. Water is sourced from deep wells, water utility service providers, and government-owned facilities. Restrictions on deep well water usage or price increases from any of these sources could disrupt operations, raise operating costs, and negatively affect business, financial condition, results of operations, and prospects.

Global crop supply movements may affect the prices of key raw materials such as wheat, malted barley, adjuncts, and molasses. Costs or availability may be impacted by the introduction of new laws, regulations, or policies.

To manage the risks of unstable supply and rising costs, SMFB and its subsidiaries utilize alternative sources of raw materials whenever possible. In addition, they enter into commodity derivatives, when necessary, to manage price risks for strategic commodities. Hedging helps stabilize prices, offset market volatility, and lock in commodity costs at acceptable levels, thereby protecting margins.

Packaging

The Packaging business also needs to obtain sufficient quantities of quality raw materials, including glass, aluminum, paper and composites in a timely manner, and it requires a significant amount of electricity in order to maintain its operations.

Fuel & Oil

The Fuel and Oil business is primarily affected by the volatility of crude oil prices, which are affected by changes in global supply and demand, international economic conditions, global conflicts or acts of terrorism, weather conditions, domestic and foreign governmental regulation, and other factors over which Petron has no control.

Energy

The Power business requires sufficient coal supply from its power plants, which have entered into coal supply contracts with Vitol Asia Pte. Ltd. ("**Vitol**"), PT Trubaindo Coal Mining ("**Banpu**"), PT Bara Tabang / PT Bayan Resources Pte. Ltd. ("**Bayan**"), PT Kaltim Prima Coal ("**KPC**") and other reputable coal suppliers. If Vitol, Banpu, Bayan, KPC, and the other reputable coal suppliers fail to perform their obligations under the coal supply contracts, the disruption of coal supply may materially affect power plant operations.

Cement

For the cement business, the compressive strength of cement is attributable to the clinker, resulting from the chemical transformation, through intense heating in a coal-fired kiln, of precisely a blended combination of limestone and siliceous shale materials. The clinker is then milled into much finer forms, and mixed with other additives such as gypsum and supplementary cementitious materials, on such proportion depending on the specific type of cement being manufactured, and bagged (as applicable) into cement. The cement manufacturing process is heavily reliant on the following: shale, limestone, and coal. These raw materials, as well as most additives, are generally sourced from mines or quarry sites. Mines nationwide and globally are subject of environmental concerns, which makes these mineral commodities exposed to reduced output by reason of heavy regulations. While the cement businesses maintain steady supply of limestone and shale sourced from its own mining sites, clinkers are still imported from other sources to augment the requirement of cement production as the government regulates the output of mineral extractions. Cement businesses are thus vulnerable to the movement of prices of imported clinker. In addition, internally produced clinkers are likewise dependent on the price of coal. The steady supply of coal is on a regulated decline, among other reasons, environmental restrictions, reduced use to give way to renewable energy sources, and supply chain issues; which further drives up the demand and consequently the price. In effect, cement prices are hinged on the movement of prices of raw materials. This effectively lessens the ability of domestic producers to compete with much lower priced imported cements.

The SMC Group may also face increased costs or shortages in the supply of raw materials due to the imposition of new laws, regulations or policies.

Although the SMC Group actively monitors the availability and prices of raw materials, there is no assurance that these items will be supplied in adequate quantities or at the required quality to meet its needs or will not be subject to significant price fluctuations in the future. While the SMC Group may, in certain limited instances, be able to shift to alternative raw materials to produce its products, there is no assurance that it will be able to reduce its reliance on these raw materials in the future. The SMC Group may only have a limited ability to hedge against commodity prices and any hedging activities may not be as effective as planned. Moreover, market prices of raw materials could increase significantly if there are material shortages due to, among other things, competing usage, drastic changes in weather or natural disasters. There is no assurance that any increases in product costs could be passed on to consumers. As a result, any significant shortages or material increase in the market price of such raw materials could have a material adverse effect on the financial and operating performance of the SMC Group.

Prior to the use of alternative raw materials, the Company undertakes testing to ensure the quality of its products are maintained. Furthermore, the Company believes this risk can be managed by leveraging on the Company's strengths and strategies. For a more detailed discussion please refer to the Company's Strengths and Strategies on page [154] of this Offer Supplement. However, there is no assurance that the Company can provide an effective mitigation to such risk.

Volatile prices of raw materials

The DTI continues to adjust suggested retail prices for basic necessities and prime commodities in response to elevated global costs of raw materials, packaging, energy, and freight. Oil prices remain volatile, influenced by geopolitical tensions, as well as continued disruptions in international shipping routes, particularly in the Red Sea. These developments have prompted renewed calls from various industry groups for the suspension of the oil excise tax and review of the Oil Deregulation Law, in an effort to mitigate the broader impact on consumer goods.

Rice production costs remain elevated due to sustained increases in fuel and fertilizer prices. While recent weather conditions have improved across parts of Southeast Asia, some agricultural areas continue to experience uneven rainfall, and input costs remain a challenge for many producers. Wheat prices also continue to be affected by geopolitical tensions in the Black Sea region and adverse weather conditions in key exporting countries such as India and the United States. In the Philippines, meat processors have submitted petitions for price adjustments to offset rising production costs.

Given the combination of constrained global supply for coal, fuel, and grains, a weaker peso and continued pressure on input prices, domestic inflation remains a key concern. Headline inflation rose to 1.4% in June 2025 from 1.3% in May, year-to-date (“YTD”) average to 1.8%. While inflation rose at their slowest pace in nearly six years in July at 0.9%, with the average inflation from January to July 2025 dropping to 1.7%, there is no assurance that such trend will continue. Softer transport fares, declines in utility rates, and the implementation of reduced tariffs on imported rice have helped temper overall inflation, particularly in the food segment.

To address these challenges, the food business has implemented price adjustments across select products, entered into commodity hedging agreements, maximized use of company-owned facilities, and introduced cost containment initiatives. These measures include enhancing product formulations, adopting alternative raw materials, improving logistics efficiency, and increasing yield and productivity. On October 12, 2023, a new mega farm food complex was inaugurated in Davao, with similar facilities planned in other key areas across the country to help ensure stable food supply and enhance national food security.

For the Fuel and Oil business, the on-going volatility of crude prices has affected its profitability. To mitigate this, Petron has implemented programs and strategies to protect and manage the impact of refining margins and drive volume growth. Going forward, Petron expects to continue investing in upgrading its production capability with a focus on high-margin petroleum products and petrochemicals, including expanding its service stations to increase its reach.

For the Power business, our PSAs with Meralco now have a full fuel pass-through feature allowing us to minimize fuel price risk. Moreover, contracts with other distribution utilities and electric cooperatives are also being negotiated to have the same pass-through arrangement. As of June 2025, SMGP has contracted around 360 MWh of the BESS capacity to the National Grid Corporation of the Philippines. This will address one of the main limitations of renewable power – intermittence.

The Company believes these programs will enable our businesses to sustain its financial goals and further generate growth.

Foreign exchange risk

In 2024, approximately 70.63% of the consolidated sales of the SMC Group was denominated in Philippine Peso, while a substantial portion of its expenses, including raw materials, crude oil purchases, and foreign currency-denominated debt service costs was denominated in U.S. Dollars.

As of June 30, 2025, the percentage of outstanding short-term and long-term loans of the SMC Group denominated in foreign currencies was around 43%. From its close of ₱57.845 per U.S. dollar in December 2024, the exchange rate closed at ₱57.065 on August 15, 2025. While the YTD appreciation was at 1.35%, it is worth mentioning that the Philippine Peso closed at ₱58.145 during the start of August 2025.

In addition, the financial reporting currency of the Company is in Philippine Peso, and therefore, depreciation of the Philippine Peso would result in an increase in foreign currency-denominated expenses of SMC as reflected in its Philippine Peso financial statements. This could also result in foreign exchange losses due to mark-to-market valuation of foreign currency-denominated assets and liabilities, including increases in the Philippine Peso amounts of the foreign currency-denominated debt obligations of the Company, thereby possibly adversely affecting its results of operations and financial condition. In addition, there is no assurance that the Company could increase its Peso-denominated product prices to offset increases in costs resulting from any depreciation of the Philippine Peso.

Further, the continuing depreciation of the Philippine Peso may result in significant liquidity shortages and capital or exchange controls. This could result in a reduction of economic activity, economic recession, sovereign or corporate loan defaults, lower deposits, and an increased cost of funds. The occurrence of any of the foregoing events could have a material adverse effect on the businesses, financial condition, liquidity, and results of operations of the Company.

The Company uses a combination of natural hedges, coming from its foreign currency denominated assets, and derivative instruments to manage its exchange rate risk exposure as part of its prudent financial risk management. The Company continues to implement sound management of its derivatives in relation to its debt exposure and commodity requirements.

Availability of financing

The expansion and growth plans of the SMC Group are expected to be funded through a combination of internally generated funds and external fund-raising activities, including debt and equity financing. The continued access of the SMC Group to debt and equity financing as sources of funding for new projects and acquisitions and for refinancing maturing debt is subject to many factors including: (i) Philippine regulations limiting bank exposure to a single borrower or related group of borrowers; (ii) the compliance of SMC Group with existing debt covenants, which include debt-to-equity ratio and debt service coverage ratio covenants; (iii) the ability of the SMC Group to service new debt; and (iv) perceptions in the capital markets regarding the SMC Group and the industries in which it operates, and other factors, including general conditions in the debt and equity capital markets, which are outside of its control. Political instability, an economic downturn, social unrest, or changes in the Philippine regulatory environment could increase the cost of borrowing for the SMC Group or restrict its ability to obtain debt financing.

In addition, certain subsidiaries of the Company have significant finance lease obligations, long-term debt, and have issued perpetual capital securities.

As of June 30, 2025, the noncurrent liabilities of the Company included finance lease liabilities (net of current portion) of ₱28,701 million and long-term debt (net of current maturities and debt issue costs) of ₱1,163,526 million. Meanwhile, the current liabilities of the Company included accounts payable and accrued expenses of ₱246,724 million and finance lease liabilities (current portion) of ₱6,472 million.

There is no assurance that the SMC Group will be able to arrange and obtain additional financing when needed on commercially acceptable terms, or at all. Any additional debt financing may place restrictions on the Company, which may, among others:

- increase vulnerability to general adverse economic and industry conditions;
- limit ability to pursue growth plans;
- limit ability to raise additional financing and access credit or equity markets to satisfy its repayment obligations as they become due on favorable terms, or at all;
- require the Company to dedicate a substantial portion of cash flow from operations to payments on debt and capital securities, thereby reducing the availability of its cash flow to fund capital expenditure, working capital requirements, and other general corporate purposes; and/or
- limit its flexibility in planning for, or reacting to, changes in its business and its industry, either through the imposition of restrictive financial or operational covenants or otherwise.

Any inability of the SMC Group to obtain financing from banks and other financial institutions or from the capital markets would adversely affect the ability of the SMC Group to execute its expansion and growth strategies, as well as its financial condition and prospects.

The Company believes that close monitoring, management, and the exercise of financial prudence for its financing requirement, guided by its corporate governance and risk management initiatives will lessen any impact of such events. The Company can also rely on its strengths to navigate and have continual access to financing. For further discussions on these strengths, please refer to the Company's Strengths and Strategies on page [154] of this Offer Supplement.

Covenants in existing debt agreements

The existing debt agreements of the Company contain various covenants and cross-default clauses in relation to indebtedness of a material subsidiary of the Company. Under a cross-default clause, if a default by such material subsidiary under its debt agreement is not cured or waived, the default could result in the default by the Company under its own existing debt agreements. Moreover, the ability of the Company and its subsidiaries to comply with covenants contained in their respective debt agreements may be affected by events beyond the control of the Company or its subsidiaries, including but not limited to, prevailing economic, financial, and industry conditions. Even if the Company is able to comply with all of the applicable covenants and potential defaults by it or its subsidiaries may be cured or waived, any default by the Company on its existing debt agreements or an occurrence of a cross-default could adversely affect the business of the Company by, among other things, limiting its ability to take advantage of financing and investment opportunities that may be beneficial to the Company and to the SMC Group.

The cross-default clause is subject to monetary thresholds and cure periods as agreed with the relevant lenders and to compliance with procedural requirements before the Company can be declared in default under such debt instruments. Moreover, to mitigate this risk, the Company exercises prudent financial risk management and has an established system to regularly monitor and ensure compliance by the Company and its subsidiaries with their respective debt and financing covenants.

Potential changes in the legal and regulatory environment

The businesses and operations of the SMC Group are subject to a number of national and local laws, rules and regulations governing several different industries both in the Philippines and in other countries where it conducts its businesses. While each industry where the SMC Group operates has specific regulatory risks, the one (1) common factor among these is that the political and regulatory landscape is continually evolving, and the SMC Group is required to continuously assess and ensure it is up to date with the demands of regulatory compliance. These laws and regulations require the Company to obtain and maintain several approvals, licenses, and permits from various entities such as the Philippine Food and Drug Association (“FDA”), the Philippine Department of Environment and Natural Resources (“DENR”), the Philippine Energy Regulatory Commission (“ERC”), the Philippine Department of Trade and Industry (“DTI”), and the Philippine Department of Transportation (“DOTr”), among others. Additionally, the Company may need to apply for more approvals, licenses, and permits and renew such approvals, licenses, and permits that may expire from time to time. In addition, there is no assurance that the Company will not be subject to new licensing requirements in the future or that it will be able to obtain and/or maintain such approvals, licenses or permits in a timely manner, or at all, or that it will not become subject to any regulatory action on account of not having obtained or renewed such approvals, licenses, and permits.

The business of SMGP is subject to extensive government regulation, particularly for its greenfield power plants and retail supply business. Moreover, as SMGP expands its BESS capabilities and projects, it will be subject to applicable regulations under ancillary services and energy storage systems. To conduct its businesses, SMGP and its subsidiaries must obtain various licenses, permits and approvals. Even when SMGP and its subsidiaries obtain the required licenses, permits and approvals, their operations are subject to continued review under the applicable regulations, and the interpretation or implementation of such regulations is subject to change. For example, in October 2020, the Department of Energy (“DOE”) Secretary announced that the periodic assessment of the country’s energy requirements has led the DOE to declare a moratorium on endorsements for greenfield coal power plants and subsequently clarified that the moratorium would not apply to those greenfield power plants in the pipeline for which endorsements had already been previously issued (at that time, SMGP’s planned Masinloc Power Plant Units 4 and 5 expansion project and the Mariveles Greenfield Power Plant have already obtained the relevant DOE endorsement). The DOE subsequently issued “Advisory on the Moratorium of Endorsements for Greenfield Coal-Fired Power Projects In Line with Improving the Sustainability of the Philippines’ Electric Power Industry” on January 11, 2021, which was dated as of December 22, 2020, to implement the moratorium. Under this advisory, effective October 27, 2020, the DOE would no longer process applications for greenfield coal-fired power generation facility projects requesting for endorsements. However, existing and operational coal-fired power generation facilities as well as any coal-fired power project which comply with the following parameters will not be affected by the moratorium: (i) committed power projects; (ii) existing power plant complexes which already have firm expansion plans and existing land site provision; and (iii) indicative power project with substantial accomplishments, specifically those with signed and notarized acquisition of land or lease agreement for the project, and with approved permits or resolutions from the relevant local government units and the relevant regional development council where the power plant will be located.

Health, food and beverage safety and environmental laws and regulations in the Philippines have also become increasingly stringent and it is possible that these laws and regulations will become significantly more stringent in the future. The adoption of new health, food and beverage safety and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require additional capital expenditures or the incurrence of additional operating expenses in order to comply with such laws and to maintain current operations. For example, the Extended Producer Responsibility (EPR) Act of 2022 requires large-scale companies to establish or phase-in EPR programs for plastic packaging which may include activities and strategies for reduction of non-environment friendly products, as well as product waste recovery programs aimed at effectively preventing waste from leaking to the environment. For 2025, obliged companies need to recover 50% of the plastic waste that their company has produced from 2024. The target recovery rate is then increased to 60% by 2026, 70% by 2027, and 80% by 2028 and every year thereafter. The National Ecology Center, a sub-group under the National Solid Waste Management Commission of the DENR-EMB, is responsible for monitoring and evaluating the compliance of obliged enterprises with the Act.

For the toll road business, the approval of the Toll Regulatory Board of the Philippines (“**TRB**”), which is under DOTr, is necessary before a toll road concessionaire may implement a toll rate increase, and may affect the profitability of its toll road operations. For example, SMC SLEX, Inc. (formerly, South Luzon Tollway Corporation), has filed five (5) petitions for periodic toll rate adjustment with the TRB from 2012 to 2022. However, it was only on June 21, 2023, that the TRB issued its Notice of Consolidated Resolution for the approval of the 2012 and 2014 periodic toll rate adjustment petitions, to be implemented on a staggered basis. SMC SLEX, Inc. still has three pending petitions for periodic toll rate adjustments which were submitted on September 28, 2018, September 30, 2020 and September 30, 2022, respectively.

There can be no assurance that future laws, regulations and/or standards will not have a material adverse effect on the Company. In particular, the enactment and implementation of any such bills or amendments to the National Internal Revenue Code of 1997, as amended (“**Philippine Tax Code**”), or other changes to Philippine laws and regulations relevant to the food and beverage, packaging, fuel and oil, power, and infrastructure industries, could increase the Company’s costs and have a material adverse effect on the business, financial condition and results of operations. In addition, the Philippine government may periodically implement measures aimed at protecting consumers from rising prices, which may constrain the ability of the SMC Group to pass on price increases to distributors who sell its products, as well as its customers. Implementation of any such measures could have a material adverse effect on the business, financial condition and results of operations of the SMC Group.

While the SMC Group believes that it has, at all relevant times, materially complied with all applicable laws, rules and regulations, there is no assurance that changes in laws, rules or regulations or the interpretation thereof of relevant government agencies, will not result in the SMC Group having to incur substantial additional costs or capital expenditures to upgrade or supplement its existing facilities or being subject to an increased rate of taxation or fines and penalties.

The SMC Group is in constant consultation with relevant government agencies and other approving bodies to ensure that all requirements, permits and approvals are anticipated and obtained in a timely manner. Further, the SMC Group maintains a strong compliance culture and has processes in place in order to manage adherence to laws and regulations. In the event that the SMC Group becomes involved in future litigation or other proceedings or be held responsible in any future litigation and proceedings, the Company endeavors to amicably settle the legal proceedings and in the event of any adverse ruling or decision, diligently exhaust all legal remedies available to it.

Increases and changes in applicable taxes, taxation laws and tax incentives

The businesses and operations of the SMC Group are subject to various taxes, including value-added tax (“**VAT**”), excise taxes, duties and tariffs in the Philippines and in other countries where it conducts its businesses. An increase in prices due to additional taxes may affect demand for its products in the Philippines.

For example, the second package of the tax reform program, also known as the Corporate Recovery and Tax Incentives for Enterprises (“**CREATE**”), was passed by both the House of Representatives and Senate of the Philippines on February 3, 2021, and signed into law by the President of the Philippines on March 26, 2021 as Republic Act No. 11534 (“**CREATE Law**”). The CREATE Law took effect on April 11, 2021, 15 days after its publication in a newspaper of general circulation last March 27, 2021. In approving the CREATE Law, the President of the Philippines vetoed certain provisions including, among others, provisions relating to tax incentive entitlement of domestic market enterprises with an investment capital of ₱500 million and domestic market enterprises engaged in activities that are classified as “critical” to a special corporate income tax. The CREATE Law lowers the corporate income tax and provides for rationalization of fiscal

incentives that may be granted by investment promotion agencies (such as the Authority of the Freeport Area of Bataan) to qualified registered business enterprises. Under the CREATE Law, the corporate income tax rate for domestic corporations and resident foreign corporations shall be reduced to 25% effective July 1, 2020 and effective on January 1, 2021 for non-resident foreign corporations; domestic corporations, resident foreign corporations no longer have an option to be taxed at 15% on gross income; and the rate of the minimum corporate income tax (“**MCIT**”) is lowered to 1% from July 1, 2020 to June 30, 2023.

As part of the rationalization of tax incentives, the CREATE Law provides that: (i) any law to the contrary notwithstanding, the importation of petroleum products by any person shall be subject to the payment of applicable duties and taxes under the Customs Modernization and Tariff Act and the Philippine Tax Code, respectively, upon importation into the Philippine customs territory and/or into free zones (as defined in the Customs Modernization and Tariff Act), subject to the right of the importer to file claims for refund of duties and taxes under applicable law; and (ii) the importation of crude oil that is intended to be refined at a local refinery, including the volumes that are lost and not converted to petroleum products when the crude oil actually undergoes the refining process, shall be exempt from payment of applicable duties and taxes, provided the applicable duties and taxes on the refined petroleum products shall be paid upon the lifting of the petroleum products produced from the imported crude oil in accordance with the rules and regulations that may be prescribed by the Bureau of Customs (“**BOC**”) and the Philippine Bureau of Internal Revenue (“**BIR**”) to ensure that crude oil shall not be lifted from the refinery without payment of appropriate duties and taxes.

In addition, on November 28, 2024, Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (“**CREATE MORE Act**”) took effect. The CREATE MORE Act enhanced the competitiveness of the Philippines’ incentive regime by specifying that export-oriented enterprises qualify for VAT zero-rating if: (a) the enterprises export at least 70% of their annual production from the previous year, and (b) the sales are “directly attributable” to the export activity, as certified by the Export Marketing Bureau. The key provisions include, but are not limited to, the exemption from excise tax on the use and consumption of international carriers of Philippine or foreign registry directly importing petroleum products, VAT-exemption of the importation of fuel, goods, and supplies used for international shipping or air transport operations, regardless of whether the importer is engaged in domestic and international operations, as long as the imports are used solely for international operations, and the increase in the investment threshold requiring Fiscal Incentives Review Board (FIRB) approval to at least Php15 billion and above.

Increases in excise tax, changes in the applicable tax regime or other taxes and incentives to which the SMC Group is subject, or the imposition of new taxes on its operations or products, including those which may result from ongoing tax reforms by the government may, (i) if passed on to the consumers by way of upward price adjustments, reduce consumption of SMC Group products, (ii) if prices remain unchanged, reduce margins, or (iii) if additional taxes are not fully passed on to the consumers, have both of the foregoing effects. Thus, as with other Philippine companies engaged in similar businesses, these increases and changes may materially and adversely affect the Company’s business, financial condition, and results of operations.

There can be no assurance that any pending tax legislation or future changes in the tax regime in the Philippines would not have a material and adverse effect on the Company’s business, financial condition, and results of operations.

The Company believes this risk can be managed by leveraging on the Company’s strengths and strategies. For a more detailed discussion please refer to the Company’s Strengths and Strategies on page [154] of this Offer Supplement. However, there is no assurance that the Company can provide an effective mitigation to such risk.

Exposure to safety, health and environmental costs and liabilities

The businesses of the SMC Group span several industries and are subject to a variety of laws, rules and regulations that impose limitations, prohibitions, and standards with respect to health and safety, as well as the use, discharge, emission, treatment, release, disposal, and management of regulated materials and waste, and hazardous substances. Safety, health and environmental laws and regulations in the Philippines have become increasingly stringent and it is possible that these laws and regulations will become significantly stricter in the future. The adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require additional capital expenditures or the incurrence of additional operating expenses in order to comply with such laws and to maintain current operations as well as any costs related to fines and penalties.

Furthermore, if the measures implemented by the SMC Group to comply with these laws and regulations are not deemed sufficient by governmental authorities, compliance costs may significantly exceed estimates. If the SMC Group fails to meet safety, health and environmental requirements, it may be subject to administrative, civil, and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against the SMC Group, as well as orders that could limit or halt its operations. There is no assurance that the SMC Group will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Environmental compliance and remediation costs at sites on which its facilities are located and related litigation and other proceedings could materially and adversely affect the cash flow, results of operations, and financial condition of SMC.

The strong compliance culture of the SMC Group and the processes in place to manage adherence with laws and regulations mitigate this risk. For further information, see section on Regulatory Framework on page [319].

Changes in consumer preferences and purchasing power

The SMC Group's ability to successfully develop and launch new products, which is a key part of its strategy, as well as the ability to maintain or increase demand for existing products, depend on the acceptance of these products by consumers, as well as consumers' purchasing power. Consumer preferences may shift for a variety of reasons, including changes in international, national, regional and local economic conditions; culinary, demographic and social trends; and leisure activity patterns or consumer lifestyle choices.

There can be no assurance that any new products introduced in the future will generate the estimated consumer interest, projected revenues or expected market share. If the Company's marketing strategies are not successful or do not respond timely or effectively to changes in consumer preferences, large expenses may be incurred without the benefit of higher revenues and the Company's businesses and prospects could be materially and adversely affected.

In addition, as SMC continues to take advantage of the "premiumization" trend by strengthening the focus on its higher margin premium and upscale brands, particularly in the food and beverage business and in the Greater Manila and key cities nationwide, SMC's business and prospects become more closely related to, and affected by, changes in consumer purchasing power and lifestyles. Any decrease in consumers' purchasing power or disposable income levels could have a material adverse effect on SMC's financial condition and results of operations.

The Company believes this risk can be managed by leveraging on its strengths and strategies. For a more detailed discussion please refer to the Company's Strengths and Strategies on page [154] of this Offer Supplement. However, there is no assurance that the Company can provide an effective mitigation to such risk.

Increased competition in the industries where the SMC Group operates

The businesses of the SMC Group operate in an increasingly competitive environment, as discussed further elsewhere in this Offer Supplement.

Republic Act No. 10667 or the Philippine Competition Act was enacted to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities, prevent economic concentration which will manipulate or constrict the discipline of free markets, and penalize all forms of anti-competitive agreements, abuse of dominant position, and anti-competitive mergers and acquisitions, with the objective of protecting consumer welfare and advancing domestic and international trade and economic development. The move towards a more competitive environment could result in the emergence of new and numerous competitors. These competitors may have greater financial resources, have more extensive experience or have a more specialized approach than the Company and its businesses, giving them the ability to respond to operational, technological, financial, and other challenges more quickly than the SMC Group. In addition, consolidation among competitors, the entry of new, larger competitors or other actions by competitors (including by those small and medium sized enterprises), such as unanticipated pricing of products at below- market prices or unconventional promotional activities, could exert downward pressure on prices of the SMC Group's products or cause market share to decline. Finally, the review by the Philippine Competition Commission ("PCC") of mergers and acquisitions meeting certain criteria and thresholds can delay or result in revisions to planned mergers and acquisitions, which could impact the SMC Group's plans and diversification program.

Any failure to successfully compete with competitors, maintain its customer base and market share or respond to new challenges could have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

The Company believes this risk can be managed by leveraging on the Company's strengths and strategies to ensure competitiveness. For a more detailed discussion please refer to the Company's Strengths and Strategies on page [154] of this Offer Supplement. However, there is no assurance that the Company can provide an effective mitigation to such risk.

Ability of the largest shareholders to influence corporate actions

Top Frontier Investment Holdings, Inc. ("**Top Frontier**") and Privado Holdings, Corp. ("**Privado**") are the major shareholders of SMC and hold approximately 61.77% and 15.67% of the common shares of SMC, respectively, and collectively control approximately 77.44% of the voting rights of the common shares of SMC, as of June 30, 2025. Top Frontier and Privado are able to influence the businesses of SMC through their ability to vote on corporate actions that require Board and shareholder approval. Top Frontier and Privado are not obligated to provide SMC with financial support. The interests of Top Frontier and Privado may differ from those of the holders of the Shelf Registered Shares or of the other shareholders of the Company, which may, as a result, adversely affect the interests such holders. There can be no assurance that any conflicts of interest between and among holders of Shelf Registered Shares, Top Frontier, Privado, or other shareholders of the Company will be resolved in favour of such holders, or that Top Frontier and Privado will influence SMC to pursue actions that are in the best interests of such holders.

The Company continues to have comprehensive discussions and good relationship with its shareholders working towards a common goal of expanding the business, increasing profitability and maximizing shareholder value.

Possible disagreements among joint venture partners of SMC

Some of the businesses of SMC are conducted through joint ventures with other partners, including Kirin Holdings Company Limited for beer, Hormel Netherlands B.V. for processed meats, Korea-Water Resources Corporation ("**K-Water**") for the Angat Hydroelectric Power Project ("**AHEPP**") and Nihon Yamamura Glass Co. Ltd. ("**NYG**"), and Fuso Machine & Mold Manufacturing Co. Ltd. ("**Fuso**") for packaging products. Cooperation among partners on business decisions is crucial to the sound operation and financial success of these joint venture companies. While the SMC Group believes that it maintains good relationships with its partners, there can be no assurance that these relationships will be sustained in the future or that problems will not develop. For example, such partners may be unable or unwilling to fulfill their obligations, take actions contrary to SMC's policies or objectives, or experience financial difficulties. If any of these events occur, the businesses of these subsidiaries could be severely disrupted, which could have a material adverse effect on the Company's business, financial condition and results of operations.

SMC continues to engage and generally has good working relationships with its business partners to ensure sound operation and financial success of these joint ventures. In addition, the joint venture agreements set out the rights and obligations of the parties and provide the framework for the joint venture for the protection and enforcement of the Company's rights under the agreements.

Ability of subsidiaries and associates to declare and distribute dividends

SMC is a holding company that conducts all of its operations through its subsidiaries, associates and joint ventures. As a holding company, the revenues of SMC are derived from, among other sources, dividends paid by its subsidiaries and associates. SMC is reliant on such sources of funds with respect to its obligations and in order to finance its subsidiaries. The ability of the subsidiaries, associates and joint ventures of SMC to declare and pay dividends is subject to, (i) the performance and cash flow requirements of such subsidiaries, associates, and joint ventures; (ii) applicable laws; (iii) restrictions contained in loans and/or debt instruments of such subsidiaries; and (iv) the deduction of taxes.

Any restriction or prohibition on the ability of some or all of the subsidiaries, associates and joint ventures of SMC to distribute dividends or make other distributions to SMC, either resulting from regulatory restrictions, debt covenants, operating difficulties or other limitations, could have a negative effect on the cash flow, financial condition, and results of operations of SMC.

SMC maintains a policy wherein subsidiaries declare a maximum level of dividends to the Parent Company, taking into consideration the funding requirements of the subsidiaries for its operations and expansion programs.

Dependence on trademarks and proprietary rights

The SMC Group uses various brand names and trademarks, including *San Miguel*, *Ginebra San Miguel*, *Purefoods*, *Monterey*, *Magnolia*, *Star*, *Dari Crème*, *B-Meg*, *Petron*, *Gasul*, *Fiesta Gas*, *Energen*, *Eagle* and other intellectual property rights to prepare, package, advertise, distribute and sell its products for its various businesses.

Protection of those brands and intellectual property rights is important to maintaining the distinctive corporate and market identities of the SMC Group. If third parties sell products which use counterfeit versions or otherwise look confusingly similar to SMC Group brands, consumers may mistake products of the Company with those that they consider to be inferior. This could negatively affect the brand image and sales of the SMC Group, particularly in the food and beverage businesses. In addition, the SMC Group has been granted numerous trademark registrations covering its brands and products, and has filed, and expects to continue to file, trademark applications seeking to protect newly developed brands and products.

There is no assurance that third parties will not challenge, violate or attempt to infringe any existing or future trademarks issued to, or licensed by, the SMC Group. Any failure to protect the proprietary rights of the SMC Group could severely harm its competitive position, which could materially and adversely affect the business, financial condition, results of operations, and prospects, as well as the reputation, of the SMC Group. In addition, certain intellectual property rights used by the SMC Group are licensed and there is no assurance that the relevant licensors will agree to renew the licenses on terms acceptable to the SMC Group or at all. The failure to renew one (1) or more of its material licenses could have a material adverse effect on the ability of the SMC Group to market certain products and on the results of operations of the SMC Group.

SMC closely monitors products released in the market that may mislead consumers as to the origin of products and attempt to ride on the goodwill of its brands and other proprietary rights. The Company has also retained independent external counsels to alert the Company of any such attempts and to enjoin third parties from the use of colorable imitations of its brands and/or marked similarities in general appearance or packaging of products, which may constitute trademark infringement and unfair competition.

Compliance with and renewal of licenses, permits and other authorizations

The SMC Group is required to maintain licenses, permits, and other authorizations for the operations of its businesses, including business permits and permits concerning, for example, health and safety, and environmental standards. These licenses, permits and other authorizations contain various requirements that must be complied with to keep such licenses, permits and other authorizations valid. If the SMC Group fails to meet the terms and conditions of any of SMC's licenses, permits or other authorizations necessary for operations, these operations may be suspended or terminated.

While the Company believes that it has, at all relevant times, materially complied with all the requirements of its licenses, permits and other authorizations and has established a strong compliance culture to ensure that all requirements, permits, and approvals are obtained in a timely manner, there is no assurance that changes in laws, rules or regulations or the interpretation thereof by relevant government agencies, will not result in the Company having to incur substantial additional costs or capital expenditures to upgrade or supplement its existing facilities to comply with additional requirements that may be prescribed under its licenses and permits, or being subject to fines and penalties. The measures implemented by SMC to comply with its licenses, permits and authorizations may also be deemed insufficient by governmental authorities. If the Company fails to comply, or is deemed to be non-compliant with any of its licenses, permits and authorizations, the SMC Group may be subject to penalties, which could disrupt its operations and have a material adverse effect on its business and results of operations. Potential liabilities for such non-compliance with the legal requirements or violations of prescribed standards and limits under these laws include administrative, civil, and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, that could limit or affect its operations such as orders for the suspension and/or revocation of permits or licenses or suspension and/or closure of operations. There can be no assurance that the Company will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings, the costs of which could be material. In the event that the Company becomes involved in any future litigation or other proceedings or is subject to any adverse rulings or decisions, such events may materially and adversely affect its business, financial condition, and results of operations.

There can be no assurance that the SMC Group will continue to be able to renew the necessary licenses, permits, and other authorizations as necessary or that such licenses, permits, and other authorizations will not be revoked. If the

Company is unable to obtain or renew them or are only able to do so on unfavorable terms, this could have an adverse effect on the Company's business, financial condition, and results of operations.

The SMC Group is in constant consultation with relevant government agencies and other approving bodies to ensure that all requirements, permits, and approvals are anticipated and obtained in a timely manner. The Office of the Compliance Officer of the Company monitors, reviews, evaluates, and ensures compliance by the Company with the rules and regulations and all governance issuances of regulatory agencies. The Office of the Compliance Officer also identifies, monitors, and controls compliance risks and possible areas of compliance issues. Further, the SMC Group maintains a strong compliance culture and has processes in place in order to manage adherence to laws and regulations.

Training and replacement of key personnel

Any loss of key personnel, inability to replace such personnel, and failure to train and retain replacement personnel could materially and adversely affect the ability of the SMC Group to provide products and services to its customers. Key personnel are those employees who possess a level of technical skill and expertise that are very important to the Company's businesses, particularly in the aspect of research and development, technical operations, product development, sales and marketing, and safety and quality assurance, as well as the senior management team. These individuals are trained and highly competent and provide a significant contribution to our businesses and supported by the Company's employees. Continued resignation of key personnel could also result in the SMC Group incurring additional expenses in hiring and training replacement personnel in a competitive job market, and it may take time for these new personnel to reach the level of technical skill and expertise of the personnel being replaced. If any key personnel are unable or unwilling to continue in their present positions, the SMC Group may not be able to replace them easily, and its business may be significantly disrupted. Any of the foregoing could have a material adverse effect on the businesses of the SMC Group.

SMC Group strives to strengthen the competencies of its employees, specifically those in the succession pipeline of key personnel. The subsidiaries of SMC have established employee training programs such as the Brewing School for SMB that trains brewmasters, the San Miguel Pure Foods University and the Leadership Enrichment and Development Program of Petron, management training programs in partnership with Harvard Business Publishing and John Clements Consultants that prepare their employees to take on higher responsibilities. SMC also pursues strategic hiring for identified critical positions.

Labor disruptions

As of June 30, 2025, approximately 10.20% of the regular employees of the SMC Group were parties to various collective bargaining agreements and there are 37 labor unions within the businesses of the SMC Group. The SMC Group maintains good labor relationships and a constant line of communication with its employees. SMC also engages its employees through employee relations programs to maintain a high level of employee satisfaction.

Other than the January 4, 2020 strike staged by the Bataan Refiners Union of the Philippines at the Petron Limay Refinery, which was declared illegal by the Department of Labor and Employment ("**DOLE**") in June 2021 and the April 6, 2025 strike staged by SMC deputized officers on South Luzon Expressway ("**SLEX**") and Tarlac–Pangasinan–La Union Expressway ("**TPLEX**") the SMC Group has not experienced any other strikes, work stoppages or other labor disruptions since 2003. However, there is no assurance that the SMC Group will not experience future labor disruptions to its operations due to disputes or other issues with employees, which could materially and adversely affect its business, financial condition, and results of operations.

The SMC Group maintains good labor relationships and a constant line of communication with its employees. SMC also engages its employees through employee relations programs to maintain a high level of employee satisfaction.

Uninsured losses

The SMC Group ensures that its facilities are adequately covered by insurance policies against certain business risks. However, the SMC Group may not be fully insured against, and insurance may not be available for, unexpected losses caused by natural disasters, breakdowns or other events that could affect the facilities and processes used by its businesses. Any unexpected losses caused by such events against which it is not fully insured could have a material adverse effect on its businesses, financial condition and results of operations. Any accident at the facilities of the SMC Group, which is not adequately covered by insurance, could result in significant losses. It could suffer a decline in

production, receive adverse publicity and be forced to invest significant resources in addressing such losses. Such events could materially and adversely affect its financial condition and results of operations.

The Company believes that it can withstand such events with its business strategies in place. The Company also has a system of financial prudence and corporate governance that provides the foundation for its risk management initiatives. For further discussions on the business strategies of the Company, please refer to page [148] of this Offer Supplement.

Outsourcing risk

The Company outsources certain beverage, food and packaging manufacturing and distribution operations to third-party contractors. To ensure the timely production and distribution of its products, the SMC Group continuously monitors the efficiency and manufacturing capabilities of the relevant production facilities. However, any of the third-party contractors may experience operational issues that could cause production shortages and distribution delays. If one (1) or more of the contract manufacturers, facility operators or distributors of the SMC Group fails to or is unable to manufacture, produce or distribute products in a timely manner, in sufficient quantities or at satisfactory quality levels, then its ability to bring products to the market and its reputation could suffer, and these could have a material adverse effect on the businesses, financial performance, and prospects of SMC. In addition, there is no assurance that it will continue to find new contract manufacturers or distributors in line with increased customer demand in the future, which could materially and adversely affect the business and prospects of SMC.

Outsourcing also carries with it certain inherent risks. These include potential actions from employees of SMC's third-party service providers who may claim an employee-employer relationship with SMC and the risk that SMC's third-party contracting arrangements may be found by the DOLE to be "labor-only contracting", which could have a significant impact on labor costs. In addition, a labor dispute involving a substantial number or all of its employees may harm the Company's reputation, disrupt operations and reduce revenues, while the resolution of disputes may increase costs.

The SMC Group continuously monitors the efficiency and manufacturing capabilities of the production facilities of its various contractors.

Disruption of operations

The SMC Group's facilities and operations could be severely disrupted by many factors, including accidents, breakdown or failure of equipment, interruption in power supply, human error, natural disasters, public epidemics, pandemics, outbreak of diseases, and other unforeseen circumstances and problems.

The COVID-19 Pandemic, or the future outbreak of any other highly contagious and infectious diseases, could materially and adversely affect the Company's business, results of operations and financial conditions. Further, the impact of such pandemic is highly unpredictable and uncertain, and may cause disruptions in the Philippines and global economy and financial markets, as well as the Company's financial performance, among others. While the Company may implement initiatives to mitigate the adverse effects of a pandemic, the duration and extent of these effects are beyond the control of the Company.

The Philippines has experienced a number of major natural catastrophes over the past years, including typhoons, volcanic eruptions, earthquakes, tsunamis, mudslides, fires, droughts and floods related to El Niño and La Niña weather events. In the past, these events have affected SMC's operating results. For example, the Japanese government banned the entry of any Philippine poultry products after the avian influenza outbreak in August 2017 and as a result, SMFB's customers in Japan cancelled their orders. In addition, in September 2019, the Philippine Department of Agriculture confirmed the outbreak of African Swine Fever across several regions in the Philippines and restrictions have been imposed by some local government units on movements of hogs across provinces. A fire that occurred last February 1, 2020 in Pandacan, Manila damaged the storage and handling area for the plastic pallets of SMYPC as well as a portion of SMYPC's Manila plastics plant, which resulted in the suspension of operations at the plant. Said fire also damaged approximately 300 meters of a portion of the Skyway Stage 3 Project. There is no assurance that insurance coverage for these risks will adequately compensate the Company for all damages and economic losses resulting from natural catastrophes. The Company's business, financial condition and results of operations may be materially and adversely affected by any disruption of operations, whether at its own facilities or that of its suppliers, including those due to any of the events mentioned above.

The SMC Group undertakes necessary precautions to minimize impact of any significant operational problems in its subsidiaries through effective maintenance practices including regular monitoring of operations, scheduled maintenance of facilities and equipment, and continuous training of safety and maintenance personnel.

Performance of information technology systems

The SMC Group relies on its information technology systems to effectively and efficiently manage business data, communications, supply chain, order entry and fulfilment, and other business processes. The failure of such information technology systems to perform as anticipated could disrupt business operations, and could result in transaction errors, processing inefficiencies, and the loss of sales and customers, affecting the business generally and causing results of operations to suffer. In addition, the SMC Group's information technology systems may be vulnerable to damage or interruption from circumstances beyond its control, including fire, natural disasters, power outages, systems failures, security breaches, cyber-attacks, and viruses. Any such damage or interruption could have a material adverse effect on the Company's businesses, financial condition, and results of operations.

To mitigate this risk, the Company invests in an up to date and integrated information technology systems with demonstrated capabilities. The Company also engages reputable third-party service providers for web services requirements and online platform.

Legal and other proceedings

The SMC Group may, from time to time, be involved in disputes with various parties in the operations of its businesses, including those relating to commercial or contractual matters, and may be subject to investigations by regulatory and administrative bodies. Regardless of the outcome, these disputes and investigations may lead to legal or other proceedings and may result in substantial costs and the diversion of resources and management's attention. In addition, the Company and its subsidiaries may also have disagreements with regulatory bodies in the course of operations, which may subject the Company to administrative proceedings and decisions that may result in penalties or other liabilities. Any of these outcomes could materially and adversely affect the Company's business, financial condition, and results of operations. See "*Legal Proceedings*" on page [281] of this Offer Supplement.

In the event that the SMC Group becomes involved in future litigation or other proceedings or be held responsible in any future litigation and proceedings, the Company endeavors to amicably settle the legal proceedings and in the event of any adverse ruling or decision, diligently exhaust all legal remedies available to it.

The risk involving related party transactions

The Company, certain subsidiaries and their shareholders, and associates in the normal course of business, purchase products and services from one another. To safeguard the interests of the Company as well as the minority shareholders and other stakeholders, all related party transactions must be done on an arm's length basis. Transactions with related parties are made at normal market prices and terms. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

In compliance with SEC Memorandum Circular No. 10, series of 2019, the Company adopted a Policy on Material Related Party Transactions which was unanimously approved by the Board of Directors on August 8, 2019 (the "**Material RPT Policy**").

Under the Material RPT Policy, related party transactions amounting to at least ten percent (10%) of the Company's total consolidated assets as of its latest audited financial statements (including transactions with non-related parties that subsequently become a related party) shall be covered by the Material RPT Policy.

Moreover, under Section 50 of the Tax Code, in the case of two (2) or more businesses owned or controlled directly or indirectly by the same interests, the BIR Commissioner is authorized to distribute, apportion, or allocate gross income or deductions between or among such businesses upon determination of the necessity to prevent evasion of taxes or to clearly reflect the income of any such business. On January 23, 2013, the BIR issued Regulation No. 2-2013 on Transfer Pricing Regulations (the "**Transfer Pricing Regulations**") which adheres to the arm's length methodologies set out under the Organization for Economic Cooperation and Development Transfer Pricing Guidelines in addressing Base Erosion and Profit Shifting. The Transfer Pricing Regulations are applicable to cross-border and domestic transactions between related parties and associated enterprises. The BIR Transfer Pricing Regulations defines "related parties" as two (2) or more enterprises where one (1) enterprise participates directly or indirectly in the management, control, or capital of

the other; or if the same persons participate directly or indirectly in the management, control, or capital of the enterprises. The arm's length principle requires the transaction with a related party to be made under comparable conditions and circumstances as a transaction with an independent party, such that if two (2) related parties derive profits at levels above or below comparable market levels solely by reason of the special relationship between them, the profits will be deemed as non-arm's length. In such a case, the BIR pursuant to the BIR Commissioner's authority to distribute, apportion or allocate gross income or deductions between or among two (2) or more businesses owned or controlled directly or indirectly by the same interests (if such is necessary in order to clearly reflect the income of such business), may make the necessary transfer pricing adjustments to the taxable profits of the related parties to ensure that taxpayers clearly reflect income attributable to controlled transactions and to prevent the avoidance of taxes with respect to such transactions. Although the Company has instituted internal policies with respect to related party transactions, including establishing a board committee to oversee such matters, adopting a Material RPT Policy, and believes that all past related party transactions have been conducted at arm's length on commercially reasonable terms and documented pursuant to the Transfer Pricing Regulations, there can be no assurance that the BIR may confirm these transactions as arm's length on the basis of the Transfer Pricing Regulations and there can be no assurance that any transfer pricing adjustments by the BIR will not have a material adverse effect on the Company's business, financial condition, and results of operations.

For more information on the Company's related party transactions, see "*Certain Relationships and Related Party Transactions*", Note 33 to the Company's audited consolidated financial information.

RISKS RELATING TO THE FOOD AND BEVERAGE BUSINESS

Price-sensitive market

The market for beverages, such as beer and spirits, is price-sensitive. At the same time, demand for many products is closely linked to consumers' purchasing power and disposable income levels, which may be adversely affected by unfavorable economic developments in the Philippines. While SMFB endeavors to implement price increases at reasonable levels, the increases may lead to a decline in sales volumes and could affect its ability to pass on rising excise taxes, raw material costs, or other expenses, which may negatively impact revenues and results of operations.

SMFB's beverage business implements campaigns, as well as consumer and trade programs, designed to strengthen brand equity. These initiatives have been successful in increasing consumption of its products.

Competition risks

SMFB and its subsidiaries operate in highly competitive environments, both domestically and internationally. Competition comes from local producers marketing their own or licensed foreign brands, foreign producers, and imported products. Competitive pressures may result in a loss of market share or reduced margins, which could adversely affect SMFB's business, financial condition, and results of operations.

Key competitive factors include price, product quality, brand awareness, and loyalty, distribution coverage, customer service, and the ability to respond to shifts in consumer preferences. SMFB also competes with other discretionary food and beverage products and a wide range of goods and services. Competitors can erode SMFB's advantage through new product introductions, improvements in quality, efficiency, technology, unconventional promotional activities, or by reshaping the value chain, industry consolidation, entry of new or larger players, or aggressive strategies such as pricing below market or heavy promotions could further intensify competition and pressure margins.

SMFB responds through continuous product innovation, enhancements in packaging and propositions, and redefinition of its distribution system. It actively invests in market research to anticipate consumer trends and sustain growth. Nonetheless, if competitors develop more innovative, higher-quality, or lower-priced products, SMFB may find it challenging to maintain its market position.

In addition, SMFB's principal shareholders may influence SMFB and its subsidiaries' business through their ability to control actions requiring majority approval by the Board of Directors and/or shareholders.

Increases in excise taxes

In the Philippines, excise tax represents a significant component of production costs of alcoholic beverages. The Philippine Tax Code provides for excise taxes on alcohol products, including fermented liquors, such as beer, and distilled

spirits such as gin. The Bureau of Internal Revenue (“BIR”) requires entities subject to such taxes, including SMFB, to obtain a permit to manufacture these products to ensure proper collection and payment of the applicable taxes.

Under the Philippine Tax Code, excise tax on fermented liquor is determined per liter of volume capacity in relation to the net retail price (excluding the excise tax and value-added tax) and is payable by the producer. The tax rate varies depending on the type of alcoholic beverage being produced, with more expensive products being subject to higher rates. Excise tax accounts for a significant portion of SMFB’s production costs.

On January 22, 2020, President Duterte signed Republic Act No. 11467, which amended certain provisions of the Philippine Tax Code and imposed additional excise tax on alcoholic beverages. Effective January 1, 2020, the excise tax rates for fermented liquor is ₱35.00 per liter. The excise tax will then increase to ₱37.00 per liter in 2021, ₱39.00 per liter in 2022, ₱41.00 per liter in 2023, and ₱43.00 per liter in 2024. Effective January 1, 2025, the excise tax rate will be increased by 6% annually. To date, the excise tax to be collected is at ₱45.58 per liter.

For distilled spirits, an additional *ad valorem* tax of 22% of the net retail price (excluding excise tax and VAT) is assessed and collected. In addition to the *ad valorem* tax, a specific tax is collected at the following rates: ₱42.00 per proof liter effective January 1, 2020, ₱47.00 per proof liter in 2021, ₱52.00 per proof liter in 2022, ₱59.00 per proof liter in 2023, and ₱66.00 per proof liter in 2024. This specific tax will also be increased by 6% annually beginning January 1, 2025, through revenue regulations to be issued by the Secretary of Finance. To date, the specific tax to be collected is at ₱69.96 per proof liter.

The sale of beer and NAB in the Philippines is also subject to VAT and, when applicable, withholding tax.

The beverage business has implemented an effective price management program to mitigate the effects of taxes on both its sales volume performance and profit margins.

Production and supply disruptions

Although SMFB continuously seeks to enhance the efficiency and manufacturing capabilities of its production facilities, it may, from time to time, experience production difficulties that could result in shortages and delivery delays, as is common in the manufacturing industry. If SMFB is unable to improve the efficiency and manufacturing capabilities of its production facilities in line with increased customer demand, this may materially and adversely affect its business and operations. Furthermore, SMFB may need to incur significant additional capital expenditures in the future to meet growing demand for its products.

The Company believes this risk can be managed through continued strengthening of sustainable business strategies across its operations and the adoption of world-leading practices. For a more detailed discussion, please refer to the Company’s Strategies on page [154] of this Offer Supplement. However, there is no assurance that the Company can provide an effective mitigation to such risk.

Operational risks

The facilities and operations of SMFB and its subsidiaries could be disrupted by various factors, including accidents, equipment breakdowns or failures, power supply interruptions, human error, natural disasters, port congestion, logistical constraints, and outbreaks of animal diseases.

These diseases range from the most devastating African Swine Fever, which has led to the culling of pigs nationwide, followed by the highly pathogenic avian influenza strains such as H5N6 and H5N1 HPAI. Lesser but still concerning threats, include Porcine Reproductive and Respiratory Syndrome and Porcine Epidemic Diarrhea, which remain ongoing challenges in hog farming, as well as Fowl Cholera, Newcastle Disease, and H1N1 influenza in broilers, which have historically caused localized disruptions.

Such events could lead to product shortages, facility shutdowns, equipment repairs or replacements, higher insurance costs, personal injuries, loss of life, and unplanned inventory build-ups, all of which could have a material adverse impact on the business, financial condition, and operating results of SMFB and its subsidiaries.

Any outbreak of a contagious disease, such as an epidemic or pandemic, could also materially and adversely affect SMFB and its subsidiaries’ financial position and financial performance. For example, an outbreak such as the COVID-19 pandemic, and the corresponding restrictions imposed by the government in order to contain its spread, including strict

community quarantines, bans on alcoholic beverages, limits on travel and cargo movement, and the temporary suspension of non-essential business operations, could reduce consumer demand for SMFB and its subsidiaries' products, disrupt staffing and production capabilities, impair distribution networks, and dampen overall economic activity in its key markets.

SMFB and its subsidiaries take necessary precautions to mitigate the impact of significant operational issues through effective maintenance practices. To address outbreaks of animal diseases, preventive measures such as farm sanitation and strict biosecurity protocols to minimize, if not eliminate, the associated risks.

In addition, SMFB and its subsidiaries may face capacity constraints, as supply is largely dependent on its production facilities. These constraints could arise from demand outpacing existing capacity or from unexpected outages, maintenance, temporary stoppages, or other disruptions at major facilities. While SMFB and its subsidiaries continuously strive to improve efficiency and manufacturing capabilities, and to expand capacity through additional production lines or new facilities, production challenges, which are common in the manufacturing industry, may still occur. There is no guarantee that production issues or stoppages will not arise in the future, or that SMFB and its subsidiaries will be able to sufficiently increase output to meet rising demand. Meeting such demand may also require significant capital expenditures.

SMFB and its subsidiaries rely on third parties for several critical aspects of operations, including distribution and logistics. Its ability to deliver products to market could be compromised if a significant number of contractors fail to meet delivery schedules. While SMFB and its subsidiaries engage only reputable contractors, such parties may experience labor disputes, fail to renew existing agreements, or enter into contractual disagreements with SMFB and its subsidiaries. Furthermore, as SMFB and its subsidiaries operate in a highly regulated industry covering labor, safety, health, environmental, and insolvency matters, non-compliance by contractors with these regulations could materially and adversely affect operations and prospects.

SMFB and its subsidiaries' products are primarily sold through dealers and distributors. Although many have long-standing relationships with SMFB and its subsidiaries, and while continued support will be provided, there is no certainty that these partners will continue to purchase and distribute its or be able to do so without delays or interruptions. Financial instability, contractual disputes or labor issues affecting dealers or distributors could also disrupt product distribution and adversely impact the business.

SMFB and its subsidiaries rely heavily on the expertise and leadership of its management team. Key members have been instrumental in setting strategic direction, managing operations, identifying and training talent, pursuing expansion opportunities, and securing financing. In addition, the technical skills of certain personnel are critical to manufacturing operations. Several members of the management team also hold leadership positions in key industry associations in the Philippines, which SMFB and its subsidiaries believe contribute positively to its business.

Finally, SMFB and its subsidiaries' strategies to grow sales nationwide and expand production capacity involve uncertainties and risks. There is no assurance that the execution of these strategies will not have a material adverse effect on the SMFB and its subsidiaries' financial condition or results of operations.

Livestock and poultry disease outbreaks

SMFB's Food Division is subject to risk of losses caused by outbreaks of disease at any of the hog or poultry farms it owns or has contracted. The livestock and poultry industries in the Philippines have experienced outbreaks of disease in the past. African swine fever ("**ASF**"), which began in July of 2019 in Luzon provinces. As of early 2025, ASF remains present across Luzon, Visayas, and Mindanao, with ongoing cases reported in several provinces. In response, the government enforced strict biosecurity and zoning measures through the 1-7-10 Protocol, which requires quarantine and culling within one kilometer, surveillance within seven kilometers, and mandatory reporting within ten kilometers. It also activated its Crisis Management Task Force on Swine, restricted animal movement, and released funding for detection, surveillance, testing, and awareness campaigns. The government launched the INSPIRE program to support repopulation and farm recovery, initiated vaccine procurement with rollout beginning in Batangas, and deployed rapid field-testing kits developed by DOST to strengthen early detection.

Avian influenza continues to pose a significant threat to the poultry industry, both globally and in the Philippines. The H5N1 subtype of influenza A remains the dominant strain worldwide, with outbreaks recorded across Europe, Asia, North America, and South America. In the Philippines, recent cases of avian influenza, including H5N2 and H5N9 strains, have been reported in several provinces, including low-level detections in duck farms. While government agencies

continue to implement control measures, including import restrictions and active surveillance, the risk of localized outbreaks remains.

These potential outbreaks of contagious diseases in the Philippines could have a material adverse effect on SMFB's financial condition and results of operations. In particular, any outbreak of contagious diseases could negatively impact overall economic activity in the Philippines, including consumer demand for SMFB's products, as well as SMFB's ability to adequately staff operations and distribution networks.

There can be no assurance that SMFB's current policies and controls for outbreak prevention and disease recurrence, including bird proofing to prevent the entry of migratory birds into SMFB's poultry facilities, and strict visitor screening and sanitation procedures for entry into any of SMFB's facilities, will be sufficient to prevent future outbreaks or recurrences. SMFB cannot assure prospective investors that any future outbreak of contagious diseases will not have a material adverse effect on SMFB's business, financial condition, and results of operations.

Moreover, there can be no assurance that SMFB's internal controls and policies will be fully effective in preventing all food and beverage safety issues concerning the products it sells, including any occurrences of foodborne illnesses such as salmonella, E. coli, and hepatitis A. Particularly for the Food Division, selling conditions in the trade, especially in wet markets, make fresh food vulnerable to the risk of foodborne illness. New illnesses resistant to SMFB's current precautions may develop in the future, or diseases with long incubation periods could arise, which could give rise to claims or allegations on a retroactive basis. One or more instances of food and beverage safety issues or a foodborne illness related to SMFB's products could negatively affect sales. This risk exists even if it were later determined that the illness was wrongly attributed to SMFB's products. The occurrence of a food and beverage safety or a foodborne illness incident, or negative publicity or public speculation about such an incident, could have a material adverse effect on SMFB's business, financial condition, and results of operations.

SMFB has adopted strict bio-security measures in its facilities to prevent the outbreak or recurrence of diseases, including the separation of its hog breeding from growing operations, bird proofing to prevent the entry of other birds into its poultry farms, and the implementation of strict visitor screening and sanitation procedures for entry into its poultry and hog facilities.

Product-liability claims and recalls

The success of the food and beverage business depends largely upon consumers' perception of the reliability and quality of its products. Any event or development that detracts from the perceived reliability or quality of SMFB's products could materially reduce demand. For example, a contamination of Beer and NAB Division's or Food Division's products by bacteria or other external agents, such as *Listeria monocytogenes*, *Salmonella* or *E. coli*, whether arising accidentally or through deliberate third-party action, could potentially result in product liability claims. Improper storage and handling may lead to spoilage, defects, recalls, or complaints, particularly for temperature-sensitive products handled by the Food Division.

Product liability claims, whether or not they are successful, could adversely affect the reputation of the company's brands which may result in reduced sales and profitability. In particular, there is little, if any, control over handling procedures once SMFB's products have been dispatched for distribution and are therefore especially vulnerable during this phase. Even the inadvertent distribution of contaminated products may constitute a violation of law and lead to increased exposure to product liability claims, recalls, regulatory scrutiny, penalties, injunctive relief, or plant closures by authorities. Such incidents may also result in adverse publicity, which could further aggravate negative consumer reaction.

While no material product liability claim has been filed against SMFB to date, there is no assurance that claims will not arise in the future. Any such claim, whether or not successful, could damage the reputation of the company and its products and have a material adverse effect on SMFB's financial condition and results of operations.

Importation of lower-priced competing products

The Food Division may face increased competition from less expensive imported products as import duties on those products are reduced or eliminated. In particular, the Philippines is a signatory to several free trade agreements—the ASEAN Trade in Goods Agreement, the ASEAN Free Trade Agreement, the ASEAN- China Free Trade Agreement, the ASEAN-Korea Free Trade Area Agreement, the ASEAN-Korea Comprehensive Economic Cooperation Agreement, the Japan-Philippines Economic Partnership Agreement, the ASEAN People's Republic of China Comprehensive Economic

Cooperation Agreement, the ASEAN-Japan Comprehensive Economic Partnership, the ASEAN-Australia-New Zealand Free Trade Area Agreement, the Philippines-European Free Trade Association Free Trade Agreement, the ASEAN-India Comprehensive Economic Cooperation Agreement, the ASEAN-India Free Trade Area Agreement, the ASEAN Trade in Goods Agreement (“**ATIGA**”), the European Free Trade Association (“**EFTA**”), and the ASEAN-Hong Kong, China Free Trade Agreement—each of which may lead to increasing lower-priced imported products entering the Philippine market.

For example, with the coming into force of ATIGA, the Philippines eliminated intra-ASEAN import duties on 99.56% of its tariff lines, including poultry, meat of bovine animals, flour, sausage, prepared or preserved meat, cereals, bread, pastry, cakes, biscuits, fruit juices, coffee, tea or maté, sauces and preparations, ice cream, beer, certain spirits, liqueurs, and spirituous beverages.

SMFB’s Food Division has already experienced the effects of increased competition due to the elimination of these import duties and expects that competition from imported products will continue to intensify. In addition, any further reduction in tariffs on imports from other ASEAN countries, such as Thailand and Vietnam, or from other countries that are party to free trade agreements with the Philippines, such as China and Japan, could lead to increased competition for its products.

Moreover, the Food Division faces direct competition from several countries. The Protein segment competes with the import of chicken leg quarters from the U.S. and Brazil; the flour milling business competes with imported flour sourced from Turkey, Vietnam, and Indonesia; and the Prepared and Packaged Food segment faces challenges from imported butter, corned beef, luncheon meat, cheese, and milk, in part due to tariffs reductions under various free trade agreements. If SMFB is unable to compete effectively with lower-priced imports, its market share and sales may decline, which could materially and adversely affect its business, financial condition, results of operations, and prospects.

To mitigate this risk, SMFB plans to invest in tailored brand-building and marketing campaigns, as well as pursue targeted new product development (“**NPD**”) strategies in each product category. SMFB also undertakes to enhance profitability through cost-saving initiatives. For more information on the efforts to address these risks, please refer to the discussion on *“Maintain market leadership positions in core categories while growing the total addressable market through marketing initiatives and new product development”* on page [170] and *“Continued enhancement of profitability through cost-saving initiatives”* on page [170].

Risks associated with derivative and hedging transactions

From time to time, SMFB enters into various commodity derivative instruments, such as forward purchases, caps, and collars for wheat and soybean meal, to manage price risks on strategic commodities. In hedging transactions, if prices decrease, hedging positions may result in mark-to-market losses, which are, in turn, expected to be offset by lower raw material costs. SMFB generally hedges up to 20% of its wheat and soybean meal requirements. As hedging transactions are marked to market, to the extent that the market price of the raw materials falls below the fixed price under futures contracts, net income may be lower than it would have been had such transactions not been entered into. Consequently, the company’s financial performance could be adversely affected during periods of raw material price volatility.

To mitigate this risk, SMFB exercises prudent financial risk management and has an established system for regularly monitoring its derivative and hedging transactions.

Challenges in executing expansion strategies

SMFB intends to increase sales volume through, among others, the introduction of new products, entry into new categories to broaden its product offering, expansion of its distribution network, and possible acquisitions of, or joint ventures with, other food and beverage businesses in the Philippines and in other countries. The expansion strategy will allow SMFB to expand production and generate additional value for SMFB and may be financed by a combination of additional borrowings and equity. The implementation of this expansion strategy may face uncertainties and risks, and there can be no assurance that SMFB will be successful in executing these initiatives or that the implementation of any growth plans will result in increased income.

There is also no assurance that acquisitions made or joint ventures entered into as part of these expansion plans will be successfully integrated into SMFB’s operations. Such transactions may result in contingent liabilities or other financial or legal exposures that were not fully identified or quantified during due diligence. As a result, these risks may have a

material adverse effect on SMFB's liquidity, financial condition, and results of operations.

The Company believes this risk can be managed through SMFB's strategies to further strengthen and solidify its position as the leading food and beverage company in the Philippines, while continuing to expand its business to meet growing consumer demand. For a more detailed discussion, please refer to the Company's Strategies on page [154] of this Offer Supplement. However, there is no assurance that the Company can provide an effective mitigation to such risk.

Social, economic, and political risks

The ability of SMFB and its subsidiaries to successfully develop and launch new products, and to sustain demand for existing ones, depends on consumer acceptance, purchasing power, and disposable income levels. These may be adversely affected by unfavorable economic conditions in the Philippines, for example, arising from the COVID-19 pandemic and the resulting government-imposed restrictions, or by political or social instability in the markets where SMFB and its subsidiaries operate. A significant decline in disposable income or purchasing power in its target markets could materially and adversely affect SMFB and its subsidiaries' financial position and performance. Consumer preferences may shift for various reasons, including changes in culinary trends, demographics, leisure activities, and lifestyle choices. Health concerns, such as negative dietary perceptions, may also influence purchasing patterns for food and beverage products. If SMFB and its subsidiaries' marketing strategies are not successful, or fail to adapt promptly and effectively to evolving consumer preferences, SMFB and its subsidiaries' business and growth prospects could be materially and adversely affected.

Political or social instability, including any act of terrorism, in the Philippines or in other markets where SMFB and its subsidiaries operate could negatively affect general economic conditions and the business environment, potentially having a material impact on SMFB and its subsidiaries' operations, financial position, and results.

The success of SMFB and its subsidiaries also depends significantly on consumer perceptions of the reliability and quality of its products. Any event or development that undermines these perceptions could materially reduce demand. For instance, contamination of products by bacteria or other foreign agents, whether accidental or deliberate, could lead to product liability claims. Even if unsuccessful, such claims could harm brand reputation and reduce sales and profitability for the affected brand or for SMFB and its subsidiaries' portfolio as a whole. SMFB and its subsidiaries have little, if any, control over product handling once items have been dispatched for distribution, making this stage particularly vulnerable to issues. Even unintentional distribution of contaminated products may constitute a legal violation, leading to product recalls, heightened regulatory scrutiny, penalties, injunctive relief, plant closures, and adverse publicity, all of which could amplify negative consumer reactions.

In addition, SMFB and its subsidiaries' sales are affected by seasonal variations in customer purchasing patterns. In the Philippines, certain products see stronger demand during specific times of the year. As a result, performance in any given quarter is not necessarily indicative of future quarters or annual results, and SMFB and its subsidiaries' financial position and performance may fluctuate significantly from quarter to quarter.

Risks of international and export operations

SMFB exports products and maintains international operations in several countries beyond the Philippines, with plans for further international expansion. Expansion in international markets may be affected by domestic economic and market conditions, as well as social and political developments in those countries. There is no guarantee that the existing business and export operations, as well as expansion plans, will be successful. SMFB's business, financial condition, prospects, and results of operations could be adversely affected if it is not successful in the international markets where it operates or if exports to these markets are impacted by political, economic and other external factors beyond its control.

SMFB believes this risk can be managed through continued execution of regionally tailored strategies, leveraging its unique understanding of consumers.

Government price monitoring and regulation

Basic necessities such as bread, fresh pork, beef and poultry meats, fresh eggs, milk, coffee, and cooking oil, and prime commodities, such as flour, processed meats, other dairy products, and swine and poultry feeds may be made subject to price monitoring by the Government. Under the Philippine Republic Act No. 7581 (the "**Price Act**"), as amended by Republic Act No. 10623, the President of the Philippines may impose a price ceiling on basic necessities and prime

commodities in the event of a calamity, emergency, illegal price manipulation, or when the prevailing prices have risen to unreasonable levels. In addition, the DTI issues a “Suggested Retail Price” list for certain prime commodities, which includes some of the Food Division’s products. The DTI should be informed of any price movement in these products prior to implementation.

The Price Act imposes an automatic price control on the prices of basic commodities in areas declared under a state of calamity, emergency, martial law, or in a state of rebellion or war. Unless sooner lifted by the President, prices remain frozen for a maximum of 60 days, except for price control on basic necessities that are wholly imported and deregulated. The President may also impose a price ceiling on basic necessities and prime commodities in cases of calamity, emergency, illegal price manipulation, or when prevailing prices have risen to unreasonable levels. The implementing government agencies of the Price Act are likewise authorized to issue suggested retail prices, when necessary, for certain basic necessities and/or prime commodities for the information and guidance of concerned trade, industry, and consumer sectors. Any resulting price control may have a material adverse effect on SMFB’s business, financial condition, and results of operations.

The Company believes this risk can be managed by leveraging the Company’s strengths and strategies, specifically under the subheading “Identify and pursue synergies across businesses through vertical integration, platform matching and channel management” on page [159] of this Offer Supplement. However, there is no assurance that the Company can provide an effective mitigation to such risk.

Legal and regulatory risks

The businesses and operations of SMFB and its subsidiaries are subject to numerous national and local laws, rules and regulations across various industries in the Philippines and in other countries where it operates. These include laws on health, food and beverage safety, responsible sale of alcoholic beverages, solid waste management, water and air quality, as well as the use, discharge, emission, treatment, release, disposal, and handling of regulated materials and hazardous substances. Compliance with these laws requires SMFB and its subsidiaries to secure and maintain multiple approvals, licenses, and permits from various government agencies. SMFB and its subsidiaries are also subject to different taxes, duties, and tariffs.

Health, food and beverage safety, and environmental regulations in the Philippines have become increasingly stringent, and there is a likelihood that they will become even more rigorous in the future. The enactment of new laws and regulations, revised interpretations of existing provisions, or stricter enforcement by government authorities may necessitate additional capital expenditure or higher operating costs to remain compliant and maintain current operations. Moreover, stringent and varied requirements from local regulators for licenses and permits could delay or prevent the establishment or expansion of facilities and operations in certain areas.

If the compliance measures implemented by SMFB and its subsidiaries are deemed insufficient by authorities, costs may rise significantly beyond current projections, and SMFB and its subsidiaries could face potential liabilities. Non-compliance or violations of prescribed standards and limits may result in administrative, civil, or criminal proceedings by government agencies, as well as legal action from environmental groups or private individuals. Such proceedings could lead to substantial fines and penalties, and in some cases orders to suspend or revoke licenses, close operations, or impose other operational restrictions.

The Philippine government may also periodically introduce changes to laws, regulations and standards, particularly in areas such as (i) health and food and beverage safety, which could raise costs and influence public perception of SMFB and its subsidiaries’ products; (ii) occupational health and safety, which could further increase compliance expenses that may not always be passed on to distributors or customers; and (iii) manufacturing, packaging, labelling, licensing, ingredient requirements, and advertising restrictions. The implementation of such measures could materially and adversely affect the business, financial condition, and results of operations of SMFB and its subsidiaries.

SMFB and its subsidiaries maintain ongoing communication with relevant government agencies and regulatory bodies to ensure that all necessary requirements, permits, and approvals are anticipated and obtained in a timely manner. SMFB and its subsidiaries foster a strong compliance culture, supported by processes that ensure adherence to applicable laws and regulations. If involved in litigation or other proceedings, SMFB and its subsidiaries aim to resolve matters amicably and in accordance with the law. In the event of any adverse ruling, SMFB and its subsidiaries diligently exhaust all available legal remedies.

Intellectual property risks

SMFB and its subsidiaries own various brand names, related trademarks, and other intellectual property rights used to prepare, package, advertise, distribute, and sell its products in the Philippines. However, certain brand names, trademarks, and patent used for some of its products are licensed from SMC. Protecting these brand names, trademarks, and other intellectual property rights is critical to maintaining SMFB and its subsidiaries' distinctive corporate and market identities. If third parties sell products using counterfeit versions of SMFB and its subsidiaries' brands, or packaging that closely resembles them, consumers may confuse such products with SMFB and its subsidiaries' own, particularly if the counterfeit products are of inferior quality. This could harm SMFB and its subsidiaries' brand image and adversely affect sales.

Certain brands and trademarks used by SMFB and its subsidiaries, including the San Miguel name, escudo, and other marks licensed from SMC, may also be used by other members of the San Miguel group (other than SMFB and its subsidiaries) or by entities to which SMC has granted licenses. Although SMFB and its subsidiaries rely heavily on the San Miguel brand name for its beverage businesses, it has little or no control over how these other parties use the brand. Consequently, SMFB and its subsidiaries' brand image could be negatively affected by product quality or other reputational problems caused by these other users of SMC's brands and trademarks. Any incident that diminishes consumer affinity with SMFB and its subsidiaries' brands could significantly reduce their value and harm the business. A decline in the brand equity of the San Miguel name could weaken SMFB and its subsidiaries' competitive position, reduce sales, and negatively affect results of operations, potentially causing lasting reputational damage.

Furthermore, SMFB and its subsidiaries may be adversely impacted by negative news coverage or publicity, whether accurate or not, relating to quality issues, public health concerns, illness, safety incidents, customer complaints or litigation, health inspection results, manufacturing practices, employee relations, or findings by government or industry regulators concerning its operations or those of its third-party partners. Similarly, information shared on social media platforms, blogs, or other internet-based channels that reach a broad audience of consumers and stakeholders could be inaccurate or unfavorable to SMFB its subsidiaries. Such content may harm the SMFB and its subsidiaries' business performance, prospects, and reputation.

Financial risks

In the course of its operations, SMFB and its subsidiaries is exposed to various financial risks, namely:

Interest Rate Risk

SMFB and its subsidiaries' exposure to interest rate fluctuations relates primarily to long-term borrowings and investment securities. Fixed-rate borrowings or investments expose SMFB and its subsidiaries to fair value interest rate risk, while variable rate borrowings or investments expose it to cash flow interest rate risk.

Foreign Currency Risk

Exposure to foreign currency risk arises mainly from significant movements in exchange rates that could adversely affect SMFB and its subsidiaries foreign currency-denominated transactions.

SMFB and its subsidiaries import certain critical raw materials and technologically advanced equipment for capacity expansion, which require foreign currency for payment. There is no assurance that the government will no impose foreign exchange controls in the future. If implemented, such restrictions could severely limit SMFB and its subsidiaries' ability to secure essential raw materials and equipment from abroad or to meet its foreign currency obligations, potentially having a material adverse effect on its financial position and performance.

Liquidity Risk

Liquidity risk refers to the possibility that SMFB and its subsidiaries may face difficulty meeting payment obligations during abnormal or stressed conditions.

SMFB and its subsidiaries manage liquidity risks by closely monitoring accounts receivable, inventory, loans, and payables, and maintains a committed stand-by credit facility from several local banks to ensure funding availability when needed.

Prudent fund management is applied to mitigate exposure to earnings volatility arising from fluctuations in interest and foreign exchange rates. SMFB and its subsidiaries use a combination of natural hedges, which involve holding U.S. dollar-denominated assets and liabilities, and derivative instruments to manage foreign exchange rate risk.

Credit Risk

Credit risk is the potential for financial loss to SMFB and its subsidiaries if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises primarily from trade and other receivables, as well as investment securities.

Credit risk is managed through the implementation of credit approvals, established limits, and ongoing monitoring procedures. It is the policy of SMFB and its subsidiaries to transact with a diverse base of creditworthy counterparties to reduce the likelihood of significant concentration of risk. SMFB and its subsidiaries ensure that product sales are made only to customers with an acceptable credit history and maintains an internal system for monitoring credit issuance and exposure levels. Provisions are made, where necessary, for potential losses on extended credit. Where appropriate, SMFB and its subsidiaries secure collateral or enter into master netting agreements to mitigate exposure.

RISKS RELATING TO THE PACKAGING BUSINESS

Handling of products

While the Packaging Group strictly implements product safety policies, there is no assurance that products packaged by the Packaging Group would not be contaminated during manufacturing, distribution, or retail process. Lack of care in the handling or storage by distributors of products produced by the customers of the Packaging Group, tampering, vandalism, or terrorist activities could result in the contamination or adulteration of the finished products. Any lack of care or tampering of such products, especially in instances where it is not readily capable of detection, could negatively impact the reputation of the Packaging Group and may have a material adverse effect on its business, financial performance, and results of operations.

The Packaging Group is committed to providing products and services that secure the satisfaction of its customers. It adheres to various management systems, including food safety and quality, to prevent or minimize the contamination of packaging products during manufacturing, distribution, or retail process.

Competition and challenges in product development and production processes

One of the success factors of the Packaging Group is its ability to identify, adapt to, and meet changing customer requirements and trends in the industry. Any failure to timely develop and introduce new products or enhance existing products in response to changing customer requirements or industry standards could have a material adverse effect on its business, financial condition, and results of operations.

In addition, new technology or production methods require significant capital investments and could take substantial amount of time to implement. There is no assurance that the Packaging Group will successfully develop the technology and production methods that will be accepted by existing customers or attract new customers, which could have a material adverse effect on its business, financial condition, and results of operations.

The Packaging Group continues to develop and implement product innovations and improve its production technology, processes, and efficiencies in order to compete in the packaging industry.

RISKS RELATING TO THE FUEL AND OIL BUSINESS

Volatility of the price of crude oil and petroleum products may have a material adverse effect on Petron's business, results of operations and financial condition.

Petron's financial results are primarily affected by the relationship, or margin, between the prices for its refined petroleum products and the prices for crude oil that is the main raw material for these refined petroleum products. Crude oil accounted for approximately 39%, 43%, 34%, and 46% of Petron's total cost of goods sold in 2022, 2023, 2024, and as of June 30, 2025, respectively.

Many factors influence the price of crude oil, including changes in global supply and demand for crude oil, international economic conditions, global conflicts or acts of terrorism, weather conditions, domestic and foreign governmental regulation, price wars among oil producers, and other factors over which Petron has no control.

Russia-Ukraine War and Geopolitical Tensions in the Middle East

The ongoing Russia-Ukraine war and other conflicts arising in the Middle East heavily impact global oil market, threatening oil supply from these major oil producers of the world. Sanctions and export controls against Russia have constrained oil exports contributing to tighter global supply and higher prices. Meanwhile, the broader Israel-Palestine conflict – intensified by the protracted Israel-Gaza war – has also raised regional instability and uncertainty, especially with increased threats of escalation involving Iran and its allied groups. Houthi attacks in the Red Sea have also forced diversions of tanker routes, increased freight costs and risk of supply chain disruptions in critical oil-producing regions.

These conflicts heightened the volatility in the oil market, causing sharp fluctuations in oil prices and adding inflationary pressures and economic uncertainties worldwide.

Any escalation of the conflict between Russia and Ukraine, in the Middle East, or any other global developments that will threaten supply and demand situation for oil will continue to impact global markets and prices of oil and affect Petron's financial performance.

To minimize Petron's risk of potential losses due to volatility of international crude and product prices, Petron enters into commodity hedging for crude and petroleum products. A hedging policy developed by Petron's Commodity Risk Management Department is in place. Hedges are intended to protect crude inventories from risks of downward price movements and margin contractions. Decisions are guided by the conditions set and approved by management.

Global Trade Policy and Tariff Risks

Recent developments in U.S. trade policy have introduced significant macroeconomic uncertainties. U.S. President Donald Trump has been imposing additional tariffs on imports from Canada, Mexico, China, and from all over the world, with some economies like Canada and China responding with retaliatory increases in their own tariffs on U.S. products.

These trade policy swings and resulting trade war have sparked market turmoil, with global stock and oil markets heavily fluctuating day to day. Economists have also raised concerns on possible recession, especially in the U.S., as these tariffs will result in higher cost of goods for U.S. consumers and businesses. These developments causing heightened market volatility and recession fears would further expose Petron to price volatility that may affect the Petron's financial performance.

Petron holds approximately two (2) months of crude oil and finished petroleum products inventory in the Philippines and one (1) month for Malaysia. Accordingly, since Petron accounts for its inventory using the first-in-first-out method, a sharp drop in crude oil prices could adversely affect Petron, as it may require Petron to sell its refined petroleum products produced with higher-priced crude oil at lower prices. Petron may not be able to pass crude oil price fluctuations along to its consumers in a timely manner, or at all, due to regulatory restrictions or social and competitive concerns. In rare instances in the past, there were times when the Philippine government intervened to restrict increases in the prices of petroleum products, such as during the aftermath of severe natural disasters, and lasting only for a limited period. Petron, fully cognizant of its social responsibilities, heeds the government's calls for such price restraints. The national government has likewise been supportive and understanding of Petron's financial well-being, knowing the importance of Petron being able to carry out its mandate to ensure stable and efficient energy supply for the country. Any inability to pass on fluctuations in the price of crude oil may have an adverse effect on Petron's business, results of operations and financial condition. Moreover, even if Petron were able to pass on increases in the price of crude oil to its customers, demand for its products may decrease as a result of such price increases.

Furthermore, a sharp rise in oil prices would increase Petron's requirements for short-term financing for working capital and may result in higher financing costs. Any difficulties in securing short-term financing for working capital, or unfavorable pricing terms, may have a material adverse effect on Petron's financial condition and results of operations.

To minimize Petron's risk of potential losses due to volatility of international crude and product prices, Petron enters into commodity hedging for crude and petroleum products. Petron has a Commodity Risk Management Committee that regularly meets and actively evaluates hedging policies and strategies to protect crude inventories from risks of downward price movements and provide protection from margin contractions. Decisions are guided by the conditions set and approved by management.

Outbreak of any other highly infectious or contagious disease

Infectious disease outbreaks, such as the COVID-19 pandemic in 2020, have created significant public health concerns as well as economic disruption, uncertainty, and volatility, all of which have impacted and may continue to impact

Petron's businesses. While Petron has numerous initiatives in place to mitigate the adverse impact of a pandemic, the duration and extent of the impact are beyond the control of Petron.

Such factors and uncertainties, or others of which Petron is not currently aware, may result in adverse impact to Petron's businesses, results of operations, cash flows, and financial condition due to, but not limited to increased price volatility and currency exchange rates, fluctuating demand from destabilization of markets, and decline in business activity and government regulations that may restrict or limit mobility or business operations.

To mitigate the adverse impact of oil price volatility and other market developments in Petron's operations caused by the outbreak of any highly infectious or contagious disease, Petron implements various initiatives to strengthen financial position and profitability such as optimizing refinery operations, prudent expense management, re-prioritizing capital expenditures to critical and necessary, sustained implementation of dealer sales support programs and enhancing hedging programs to manage oil price volatility and currency exchange risk. Petron continuously monitors and assesses market for any developments that could impact its operations in order to proactively prepare and respond promptly to any changes.

Petron relies primarily on a small number of suppliers for a significant portion of its crude oil requirements in each of the markets in the Philippines and Malaysia

Petron acquires crude oil for the Petron Bataan Refinery primarily through its arrangements with its wholly owned subsidiary Petron Singapore Trading Pte. Ltd. ("PSTPL"), which in turn obtains crude oil from different sources, through a combination of term and/or spot purchase contracts. For Petron's requirements for various crudes for 2025, PSTPL has term contracts with Saudi Arabian Oil Company ("Saudi Aramco"), Kuwait Petroleum Corporation ("KPC"), Iraq's State Organization for Marketing of Oil ("SOMO"), and Shell International Eastern Trading Company ("SIETCO"). Pricing under these contracts is determined through a formula that is linked to international industry benchmarks. The contract with Saudi Aramco is automatically renewed annually unless either Petron or Saudi Aramco decides to terminate the contract upon at least 60 days' written notice prior to its expiration date. The contract with KPC and SOMO is from January 1, 2025 to December 31, 2025 while the contracts with SIETCO is for three (3) years from November 6, 2023. As of June 30, 2025, none of the supply contracts has been terminated.

The supply of crude oil by Saudi Aramco, KPC, SOMO, and SIETCO on term basis and several other suppliers on a spot basis is subject to a variety of factors beyond Petron's control, including geopolitical developments in and the stability of the oil-producing countries, government regulations with respect to the oil and energy industry in those regions, weather conditions and overall global economic conditions.

A disruption in the operations of Saudi Aramco, KPC, SOMO, EMEPMI, and/or other suppliers or a decision by any of them to amend or terminate their respective contracts with Petron, could impact Petron's crude oil supply. If Petron's supply of crude oil were disrupted, Petron would be required to meet any consequent supply shortfall through other suppliers or spot market purchases. Depending on market conditions at the time and timing of the disruption, such purchases from other suppliers or the spot market could be at higher prices than Petron's purchases from Saudi Aramco, EMEPMI, or other suppliers which would adversely affect Petron's financial condition and results of operations.

If Petron is unable to obtain an adequate supply of crude oil or is only able to obtain such supply at unfavorable prices, its margins and results of operations could be materially and adversely affected.

To mitigate this, Petron maintains sufficient inventory that provides ample lead time to source for supply and meet the needs of its clients, based on projected demand.

Intense competition, increasing presence of electric vehicles (EVs), and cyclicity in global and regional refining capacities.

Petron faces intense competition from many multinational and local competitors in the sale of petroleum and other related products in the markets in which it operates. Because of the commodity nature of oil products, competition in the Philippine and international markets for refined petroleum products is largely driven by price as adjusted to account for differences in product specifications and transportation and distribution costs. Participants in the retail fuel and LPG sectors in the Philippines continue to rely on aggressive pricing and discounting to expand their market share. On the other hand, Petron's Malaysian operations are mostly subject to government price controls and quotas. As a result, competition in these market sectors is based primarily on product quality, operational cost efficiency, supply chain reliability and customer value creation.

Petron's competitiveness hinges on its ability to manage costs, improve the productivity of its service station network, increase and maintain efficiency at its refineries and terminal operations, effectively hedge against fluctuations in crude oil prices, maximize utilization of its assets and operations and comply with and obtain additional quotas from the Malaysian government. If Petron is unable to compete effectively, its financial condition and results of operations, as well as its business prospects, could be materially and adversely affected.

In addition, the Philippine oil industry is affected by ongoing smuggling and illegal trading of petroleum products. These illegal activities have resulted in decreases in sales volume and sales price for legitimate oil market participants in the Philippines. Petron's ability to compete effectively will depend to a degree on the proper enforcement of Philippine regulations by the Philippine government, which is beyond its control.

The growing popularity and rising pressure to increase the presence of EVs all over the world also pose a risk to the fuels marketing business. Several countries, including the Philippines and Malaysia, have already implemented policies and programs to encourage and incentivize the use of EVs, and transition away from the use of fossil fuels and traditional vehicles. This could result in reduced demand for gasoline and diesel, which will adversely impact Petron's revenues. While it may take a longer time for EVs to proliferate in the Philippines and Malaysia due to infrastructure limitations, Petron continues to monitor market developments, pursue and evaluate investments in EV charging stations, and strengthen Petron's non-fuel businesses, to mitigate potential impact of increasing fleet share of EVs in the industry.

Furthermore, the global and regional refining industry has historically experienced periods of tight supply, resulting in increased prices and margins, as well as periods of substantial capacity additions, resulting in oversupply and reduced prices and margins. Any downturn in prices or margins resulting from existing or future excess industry capacity could have a material adverse impact on Petron's business, financial condition and results of operations.

Petron strengthens and expands its retail and distribution network to improve its presence in both growing and high potential markets. In addition, Petron continues to invest in building brand equity to ensure consistent market recognition.

Any significant disruption in operations or casualty loss at Petron's refineries could adversely affect its business and results of operations and result in potential liabilities

Petron's operation of its refineries and implementation of its expansion plans could be adversely affected by many factors, including accidents, breakdown or failure of equipment, interruption in power supply, human error, fires, explosions, release of toxic fumes, engineering and environmental problems, natural disasters and other unforeseen circumstances and problems. These types of disruptions could result in product run-outs, facility shutdowns, equipment repair or replacement, increased insurance costs, personal injuries, loss of life and/or unplanned inventory build-up, all of which could have a material adverse effect on the business, results of operations and financial condition of Petron.

There can be no assurance that operational disruptions will not occur in the future or that insurance will adequately cover the entire scope or extent of the losses or other financial impact on Petron.

Effect of Malaysian government policies and regulations relating to the marketing of fuel products

As in many countries, the fuel business in Malaysia is regulated by the government. The Malaysian government regulates the retail pricing structure through the automatic pricing mechanism ("APM"), pursuant to which it mandates (i) the retail prices of certain refined petroleum products, and (ii) the product cost build-up. The Malaysian government may subsidize fuel prices so that increases in international crude oil and finished products prices are not fully borne by Malaysian consumers. Effective March 30, 2017, the Malaysian government implemented a managed float system under which the Malaysian government fixes the government-mandated retail prices of RON 95 and RON 97 petroleum and diesel on a weekly basis based on the Mean of Platts Singapore ("MOPS"). If government mandated prices are lower than the fuel products' total built-up cost per the APM, Petron receives subsidies from the Malaysian government. Conversely, if government mandated prices are higher than the fuel products' total built-up cost per the APM, Petron pays duties to the Malaysian government.

Petron keeps itself updated on government policies and regulations pertaining to the oil industry in Malaysia in order to identify potential regulatory risks and proactively respond to these risks.

Compliance with and renewal of licenses, permits and other authorizations and continued compliance with safety, health, environmental and zoning laws and regulations

Petron is required to maintain licenses, permits, and other authorizations for the operations of its businesses. These licenses, permits, and other authorizations contain various requirements that must be complied with to keep the same valid. If Petron fails to meet the terms and conditions of any of the licenses, permits or other authorizations necessary for operations, these operations may be suspended or terminated.

There can be no assurance that Petron will continue to be able to renew the necessary licenses, permits, and other authorizations as necessary or that such licenses, permits, and other authorizations will not be revoked. If Petron is unable to obtain or renew them or is only able to do so on unfavorable terms, this could have an adverse effect on Petron's business, financial condition, and results of operations.

While Petron believes that it has, at all relevant times, materially complied with all applicable laws, rules and regulations and that all requirements, permits, and approvals are obtained in a timely manner, there is no assurance that changes in laws, rules or regulations or the interpretation thereof by relevant government agencies, will not result in Petron having to incur substantial additional costs or capital expenditures to upgrade or supplement its existing facilities, or being subject to fines and penalties.

Petron maintains a strong compliance culture and monitors government policies and regulations to enable Petron to identify potential regulatory risks and proactively respond to such risks.

Failure to respond quickly and effectively to product substitution or government-mandated product formulations

Any potential increase in oil prices and environmental concerns could make it more attractive for Petron's customers to switch to alternative fuels such as compressed natural gas and electric vehicles for transport and liquefied natural gas for power. Additionally, increasing biofuels content in gasoline and diesel effectively displaces refinery-produced products. For instance, the Philippine government has recently announced its mandate to increase coco methyl ester ("CME") content of biodiesel from 2% to 3%, beginning October 1, 2024, and may further increase to 4% by 2025 and 5% by 2026. In addition, the government also targets to increase ethanol content in gasoline from the current 10% to 20% by 2040.

If Petron does not respond quickly and effectively to product substitutions or government mandated product formulations in the future, its business and prospects may be adversely affected.

To ensure adherence to government product substitution requirements, Petron monitors developments in government policies and coordinates with regulators.

Reliance on significant capital expenditures and financing which are required to implement business strategies, as well as debt levels possibly adversely affect financial conditions and results of operations

Petron's business is capital intensive. Specifically, the processing and refining of crude oil and the purchase, construction and maintenance of machinery and equipment require substantial capital expenditures. Petron's ability to maintain and increase its sales, net income and cash flows could be impacted by the timely and successful completion and execution of its planned capital expenditure projects. Specifically, Petron intends to (i) reap the full benefits of its completed investments such as the new powerplant in the Petron Bataan Refinery, Diesel Hydrotreater and Marine Import Facility in the Port Dickson Refinery, (ii) continue investment in the Petron Bataan Refinery facilities to (a) ensure reliability and efficiency of critical refinery processes, and (b) maximize production of higher-value products; (iii) continue to build service stations in high-growth or high-volume sites and expand its retail network for its LPG, lubes, and non-fuel segment; (iv) expand and upgrade its logistics capacity and tank truck fleet, and (v) expand Malaysia operations with new service stations and facilities improvements in the Port Dickson Refinery and construction of new terminals to increase market reach in compliance with applicable regulations.

If Petron fails to complete its planned capital expenditure projects on time or within budget or at all, or to operate its facilities at their designed capacity, it may be unable to achieve the targeted growth in sales and profits, and its business, results of operations and financial condition could be adversely affected. Furthermore, there can be no assurance that the Petron Bataan Refinery will run at the expected capacity or achieve the expected production profile, or that there will be sufficient demand and logistical support for Petron's production. Any of the foregoing factors could adversely affect Petron's business, financial condition and results of operations.

Petron judiciously monitors its capital expenditure projects and ensures costs are within budget and progress is on track. Petron likewise practices prudent financial management.

Changes in applicable taxes, duties and tariffs

Petron's operations are subject to various taxes, duties and tariffs.

The tax and duty structure of the oil industry in the Philippines has undergone some key changes in recent years. For example, duties for the import of crude oil and petroleum products into the Philippines were increased on January 1, 2005 from 3% to 5%, and these duties were subsequently reduced to 0% with effect from July 4, 2010 (except for certain types of aviation gas). Furthermore, the Philippine government imposed an additional 12% VAT on the sale or importation of petroleum products in 2006.

There can be no assurance that any future tax changes in the Philippines or Malaysia would not have a material and adverse effect on Petron's business, financial condition and results of operations. Petron maintains a strong compliance culture and monitors government policies and regulations to enable Petron to identify potential regulatory risks and proactively respond to such risks.

Fluctuations in the value of the Philippine Peso and the Malaysian Ringgit against the U.S. Dollar

The substantial majority of the Petron's revenues are denominated in either Philippine Pesos or Malaysian Ringgit, while the substantial majority of its expenses, including crude oil purchases and foreign currency denominated debt service costs, are denominated in U.S. dollars. In the year ended December 31, 2022, 2023, 2024 and in the first six (6) months of 2025, approximately 43%, 45%, 43% and 50%, respectively, of the company's revenues were denominated in Philippine Pesos, approximately 33%, 31%, 28% and 28% respectively, of its revenues were denominated in Malaysian Ringgit, while approximately 81%, 74%, 75% and 71%, respectively, of its cost of goods sold were denominated in U.S. dollars. In addition, as of June 30, 2025, 28% of the company's outstanding debt was denominated in U.S. dollars. Petron's financial reporting currency is the Peso, and therefore depreciation of the Peso relative to the U.S. dollar would result in increases in the company's foreign currency denominated expenses as reflected in its Peso financial statements, and could also result in foreign exchange losses resulting from the revaluation of foreign currency denominated assets and liabilities, including increases in the Peso amounts of Petron's U.S. dollar-denominated debt obligations, thereby adversely affecting Petron's results of operations and financial condition.

While Petron uses a combination of natural hedges, which involve holding U.S. dollar-denominated assets and liabilities, and derivative instruments to manage its exchange rate risk exposure, its exchange rate exposures are not fully protected. There can be no assurance that the value of the Peso or the Malaysian Ringgit will not decline or continue to fluctuate significantly against the U.S. dollar, and any significant future depreciation of the Peso or the Malaysian Ringgit could have a material adverse effect on Petron's margins, results of operations and financial condition.

Petron undertakes hedging of foreign exchange risk to manage its exposure to foreign currency denominated liabilities and the risk posed by foreign exchange fluctuations in the cost of its imported petroleum products.

Dependence on experienced, skilled and qualified personnel and management team

Petron depends on experienced, skilled and qualified personnel for the management and operation of its business. Loss or shortage of such experienced, skilled or qualified personnel may lead to operating challenges and may incur additional costs in hiring and training new personnel given the high investment in technical trainings and long learning curve needed to train such personnel. Increasing competition in sourcing talents also poses an added challenge as companies vie to attract and employ people with the desired competencies. Inability to identify and train replacement employees (including the transfer of significant internal historical knowledge and expertise to new employees), the limited qualified talent in the labor market, and rising cost of contract labor may adversely affect the company's ability to manage and operate its business. The loss of a significant number of qualified personnel, if not well-managed, may disrupt and affect Petron's entire operations, outputs, and financials.

In addition, Petron significantly relies on, and will likely continue to rely on, the continued individual expertise and collective contributions of its management team. Petron recognizes that these key personnel may separate from Petron at any point (e.g., by retirement or resignation, among others); thus, a sound management succession plan is in place.

However, the inability to retain and engage members of its management team or failure of the succession plan to materialize could have a material adverse effect on the overall operation of its business.

To mitigate this risk, Petron ensures that its compensation and benefit packages for its management, officers, staff and rank-and-file are comprehensive, relevant, and at par with industry standards. Promotions and pay raises are given to select employees as a recognition of their outstanding work performance. In addition, performance appraisals are conducted regularly to ensure the alignment of employees' outputs towards Petron's corporate objectives and targets.

Petron's controlling shareholders may have interests that may not be the same as those of other shareholders

SMC, directly and indirectly, holds an effective 71.78% of Petron's outstanding common equity as of June 30, 2025. SMC is not obligated to provide Petron with financial support. The interests of SMC may differ from those of the other shareholders. SMC may direct Petron in a manner that is contrary to the interests of the shareholders. There can be no assurance that conflicts of interest between SMC and the other shareholders will be resolved in favor of Petron's shareholders. If the interests of SMC conflict with the interests of Petron, Petron could be disadvantaged by the actions that SMC chooses to pursue.

Petron has adopted and consistently implemented appropriate corporate governance procedures and policies consistent with Philippine law and industry best practices to reduce or eliminate conflict of interest.

In addition, while Petron expects to benefit from its ongoing relationship with SMC and its subsidiaries and affiliates through their global reach and relationships, there can be no assurance that SMC will allow Petron to have access to such benefits.

Petron may fail to integrate acquired businesses properly

From time to time, Petron considers selective opportunities to expand both domestically and outside the Philippines through strategic acquisitions consistent with its focuses on increased production of diesel, gasoline, jet fuel, kerosene and LPG ("**White Products**"), expansion of its sales network and logistics capability, and the creation of operational synergies. However, there can be no assurance that Petron will be able to integrate its acquisitions fully in line with its strategy. Any failure to do so could have a material adverse effect on the business, results of operations and financial condition of Petron. To mitigate such risk, Petron conducts a thorough due diligence to identify any challenges and risks before any acquisition, and also develops a detailed integration plan with a dedicated team working on the project and its successful transition and integration. After any acquisition, Petron also continues to closely monitor and review the financial and operational performance of the acquired business and ensure smooth transition and integration.

The number or severity of claims for which Petron is insured increases

Petron's refining of crude oil and marketing and distribution of refined petroleum products in the Philippines and Malaysia are subject to inherent risks, such as equipment defects, malfunctions, failures or misuse, which could cause environmental pollution, leaks or spills, personal injury or loss of life, as well as damage to and destruction of the environment, which could result in liabilities that exceed Petron's insurance coverage and have a material adverse effect on its financial condition and results of operations. Petron could also be adversely affected by business interruptions caused by war, terrorist activities, mechanical failure, human error, political action, labor strikes, fire and other circumstances or events.

Petron uses a combination of reinsurance and purchased insurance to cover its properties and certain potential liabilities. Petron's insurance coverage includes property, marine cargo and third-party liability, as well as personal injury, accidental death and dismemberment, sabotage and terrorism, machinery breakdown and business interruption. One of the main insurance policies of Petron, the Industrial All Risk (the "**IAR**") policy, covers the Petron Bataan Refinery for material damages and machinery breakdown. All insurance policies relating to Petron's Philippine operations are written by Petrogen Insurance Corporation ("**Petrogen**"), formerly a wholly-owned subsidiary. In January 2021, SMC made a ₱3.0 billion equity investment in Petrogen, enabling Petrogen to expand its insurance business. For its Malaysian operations, Petron purchases insurance from Malaysian insurance companies, consistent with Malaysian law. Petron estimates the liabilities associated with the risks retained by it, in part, by considering historical claims, experience and other actuarial assumptions which, by their nature, are subject to a degree of uncertainty and variability. Among the causes of this uncertainty and variability are unpredictable external factors affecting future inflation rates, discount rates, litigation trends, legal interpretations and actual claim settlement patterns.

Petron regularly reviews and updates its insurance policies to ensure it is reasonably protected from foreseeable events and risks.

Existing or future claims against Petron, its subsidiaries, associates or joint ventures, or directors or key management

From time to time, Petron, its subsidiaries, associates or joint ventures, or directors or key management may be subject to litigation, investigations, claims and other legal proceedings. Legal proceedings could cause Petron to incur unforeseen expenses, occupy a significant amount of management's time and attention, and negatively affect Petron's business operations and financial position. Further, legal proceedings could continue for a prolonged period of time and be time-consuming with unpredictable outcomes and it is difficult for Petron to predict the possible losses, damages or expenses arising from such legal proceedings. An unfavorable outcome in these or other legal proceedings could have a material adverse effect on Petron's business, financial position, results of operations and cash flows. With respect to the ongoing legal cases, while the final outcomes of these legal proceedings are not certain, Petron believes it has strong legal grounds in each of these legal proceedings. In certain cases, Petron has made provisions in its financial statements for possible liabilities arising from adverse results of these legal proceedings.

Changes in applicable accounting standards

The PFRS Council issues, from time to time, new standards and amendments to existing standards and interpretations. There can be no assurance that the Petron's financial condition, results of operations or cash flows will not appear to be materially worse under the new standards. Furthermore, any failure to successfully adopt the new standards may adversely affect Petron's results of operations or financial condition.

Petron evaluates and studies the impact (if any) of these new standards upon pronouncements of governing bodies. Disclosures of these standards are included in the annual and quarterly notes to financial statements of Petron. Annual trainings and guided simulations are conducted for the concerned personnel prior to the adoption of such standards to ensure proper compliance. Necessary updating and changes in accounting policies and procedures are also undertaken as part of preparation and implementation.

RISKS RELATING TO THE ENERGY BUSINESS

Increased competition in the Philippine power industry

The Government has sought to implement measures designed to enhance the competitive landscape of the power market, particularly for the unregulated sectors of the industry. These measures include the privatization of National Power Corporation of the Philippines ("NPC") -owned and -controlled power generation assets, the establishment of the WESM, the start of the Retail Competition and Open Access ("RCOA"), the implementation of mandatory competitive selection process ("CSP") for distribution utilities, the implementation of the green energy option, which allows eligible end-users to directly contract with a renewable energy supplier, the implementation of the Renewable Portfolio Standards ("RPS"), which mandates electricity suppliers to source an agreed portion of their energy supply from eligible renewable energy ("RE") resources, and the establishment of the Renewable Energy Market ("REM"), a venue for the trading of Renewable Energy Certificates ("RECs") and for the compliance of electricity suppliers with their RPS obligations. Further, Republic Act No. 10667 or the Philippine Competition Act was enacted to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities, prevent economic concentration which will manipulate or constrict the discipline of free markets, and penalize all forms of anti-competitive agreements, abuse of dominant position and anti-competitive mergers and acquisitions, with the objective of protecting consumer welfare and advancing domestic and international trade and economic development.

The move towards a more competitive environment could result in the emergence of new and numerous competitors. These competitors may have greater financial resources and may have more extensive experience than SMGP, giving them the ability to respond to operational, technological, financial and other challenges more quickly than SMGP. These competitors may therefore be more successful than SMGP in acquiring existing power generation facilities or in obtaining financing for, and the construction of, new power generation facilities, or in successfully bidding at CSPs conducted by the National Grid Corporation of the Philippines ("NGCP") and distribution utilities. The type of fuel that competitors use for their generation facilities may also allow them to produce electricity at a lower cost and to sell electricity at a lower price. In addition, other sources for the provision of ancillary services may arise, including technological developments or establishment of new market regimes, which may increase competition and reduce prevailing prices for these services. Moreover, a decline in oil and gas prices, which reduces the cost of producing

electricity from fossil fuels, could make energy storage solutions integrated with renewable energy sources less competitive against other solutions including conventional generation. SMGP may therefore be unable to meet the competitive challenges it will face.

As a result of increased competition, SMGP could also come under pressure to review or renegotiate the terms of existing offtake agreements with customers, which may lead to a downward adjustment of tariffs, and could adversely affect the business, financial performance and results of operations of SMGP. To the extent that distribution utilities or industrial offtakers agree to purchase from other generation companies instead of purchasing from SMGP, or SMGP is unable to participate or otherwise successfully compete in bids for supply contracts, the ability of SMGP to increase its sales and sell additional electricity to distribution utilities or industrial offtakers through its generation facilities would be adversely affected.

Availability of financing and significant long-term debt as well as perpetual capital securities

SMGP expects to fund its expansion and growth plans through a combination of internally generated funds and external financing. The continued access to debt and equity financing of SMGP is subject to factors, many of which are outside of the control of SMGP. Political instability, economic downturn, social unrest, or changes in the Philippine regulatory environment could increase the cost of borrowing, decrease the price of its securities, or restrict the ability of SMGP to obtain debt or equity financing. In addition, recent disruptions in global capital and credit markets may continue indefinitely or intensify. Disruptions in the global capital and credit markets, including as a result of geopolitical tensions and uncertainties caused by events such as the Israeli–Palestinian conflict, the Russian invasion of Ukraine, rising tensions between Russia and the European Union and the U.S., as well as between the U.S. and China, and the potential for the continuation of global trade wars between key economic powers, such as the imposition by the U.S. of a 17% reciprocal tariff on Philippine exports to the United States, as well as tariffs at different rates on exports from over 180 other countries aimed at addressing trade imbalances between the U.S. and several other countries, could adversely affect SMGP’s ability to access the liquidity needed to maintain its business and pursue its growth plans.

Other factors affecting the ability of SMGP to borrow include (i) Philippine regulations limiting bank exposure (including single borrower limits) to a single borrower or related group of borrowers; (ii) compliance by SMGP with existing debt covenants, which include debt to equity ratio and debt service coverage ratio covenants; and (iii) the ability of SMGP to service new debt. The inability of SMGP to obtain financing from banks and other financial institutions or from capital markets would adversely affect its ability to execute its expansion and growth strategies and have a material adverse effect on the business, financial condition, and results of operations of SMGP.

In addition, SMGP has significant long-term debt, finance lease obligations, and perpetual capital securities.

As of June 30, 2025, the long-term debt of SMGP consists of the following: ₱55.3 billion (U.S.\$981.7 million) fixed rate bonds listed on the Philippine Dealing & Exchange Corp., ₱7.5 billion (U.S.\$133.1 million) five-year corporate notes, ₱9.5 billion (U.S.\$168.6 million) fixed rate 5-year term loan facility, U.S.\$300 million term loan, U.S.\$300 million term loan, U.S.\$300 million term loan, U.S.\$100 million term loan, U.S.\$100 million term loan, ₱28.0 billion (U.S.\$497.1 million) term loan of LPI, ₱12.9 billion (U.S.\$229.0 million) term loan of MPI, ₱38.0 billion (U.S.\$674.6 million) term loan of SMGP BESS under a 12-year Omnibus Loan and Security Agreement, ₱5.5 billion (U.S.\$97.6 million) loan of MPCL under an Omnibus Refinancing Agreement (“ORA”), U.S.\$365.9 million loan of MPCL under an Omnibus Expansion Financing Agreement, and ₱41.9 billion (U.S.\$743.8 million) term loan of MPGC under a 10-year Omnibus Loan and Security Agreement. As of June 30, 2025, the current liabilities of SMGP included accounts payable and accrued expenses of ₱93,602.6 million (U.S.\$1,661.7 million) and finance lease liabilities (current portion) of ₱4,656.9 million (U.S.\$82.7 million).

On April 25, 2019, SMGP issued U.S.\$500 million senior perpetual capital securities and on July 3, 2019, SMGP issued an additional U.S.\$300 million senior perpetual capital securities, which were consolidated into and form a single series with the U.S.\$500 million senior perpetual capital securities issued on April 25, 2019. The outstanding amount comprising the aggregate U.S.\$800 million senior perpetual capital securities issued in April and July 2019 was redeemed by SMGP in full on the relevant step up date of April 25, 2024. On November 5, 2019, SMGP issued U.S.\$500 million senior perpetual capital securities, which were redeemed by SMGP in full on May 12, 2025. On January 21, 2020, SMGP issued U.S.\$600 million senior perpetual capital securities and on October 21, 2020, SMGP issued the U.S.\$400 million senior perpetual capital securities, followed by an issuance of U.S.\$350 million senior perpetual capital securities on December 15, 2020, which were consolidated into and form a single series with the U.S.\$400 million senior perpetual capital securities issued on October 21, 2020. On May 21, 2021, SMGP executed a U.S.\$100 million

syndication agreement relating to the U.S.\$200 million facility agreement dated March 9, 2021. On June 9, 2021, SMGP issued U.S.\$600 million senior perpetual capital securities followed by an issuance of U.S.\$150 million senior perpetual capital securities, which were consolidated into and form a single series with the U.S.\$600 million senior perpetual capital securities issued on June 9, 2021. On August 26, 2022, SMGP drew U.S.\$300 million on its facility agreement with foreign banks executed on August 18, 2022. On April 19, 2024, SMGP issued U.S.\$800 million redeemable perpetual securities at an issue price of 100% in favor of a foreign financial institution.

On September 6, 2024, SMGP drew U.S.\$200 million on its facility agreement with foreign banks executed on August 30, 2024. On September 12, 2024, SMGP issued U.S.\$800 million senior perpetual capital securities, followed by an issuance of U.S.\$100 million senior perpetual capital securities on September 30, 2024, which were consolidated into and form a single series with the U.S.\$800 million senior perpetual capital securities issued on September 12, 2024. On October 9, 2024, SMGP drew an additional U.S.\$100.0 million from the facility agreement with foreign banks executed on August 30, 2024. On December 2, 2024, SMGP issued the U.S.\$500 million senior perpetual capital securities, followed by an issuance of U.S.\$100 million senior perpetual capital securities on February 19, 2025, which were consolidated into and form a single series with the U.S.\$500 million senior perpetual capital securities issued on December 2, 2024. On May 19, 2025, SMGP drew U.S.\$100 million from a facility agreement with a foreign bank executed on May 9, 2025. Similarly, on May 19, 2025, SMGP drew U.S.\$100 million from a facility agreement with another foreign bank executed on May 13, 2025 for refinancing purposes.

On May 28, 2021, SMGP drew ₱5.0 billion (U.S.\$88.8 million) from its existing loan agreement with a Philippine bank executed on May 28, 2020. On January 17, 2023, MPCL agreed with local bank lenders to amend its ORA amounting to U.S.\$145.8 million into a Philippine Peso-denominated loan amounting to ₱8.2 billion (U.S.\$145.6 million), subject to a floating interest rate with maturities up to January 2030. MPCL holds a one-time right to convert the loan into a fixed interest rate borrowing on the second anniversary. On June 15 and August 8, 2023, SMGP drew ₱5.0 billion (U.S.\$88.8 million) and ₱2.5 billion (U.S.\$44.4 million), respectively, from a ₱10.0 billion (U.S.\$177.5 million) corporate notes facility agreement executed on June 9, 2023. On October 27, 2023 and March 25, 2024, SMGP BESS drew the first tranche and second tranche, respectively, amounting to ₱28.0 billion (U.S.\$497.1 million) and ₱12.0 billion (U.S.\$213.0 million), respectively, from the ₱40.0 billion (U.S.\$710.1 million) Omnibus Loan and Security Agreement executed on October 23, 2023 with various local banks. On July 19, 2024, SMGP availed of a ₱10.0 billion (U.S.\$177.5 million) term loan from a facility agreement executed on July 17, 2024, with a local bank. On December 27, 2024 and March 27, 2025, MPGC drew the first tranche and second tranche, respectively, amounting to ₱32.5 billion (U.S.\$567.0 million) and ₱9.4 billion (U.S.\$166.9 million), respectively, from the Omnibus Loan and Security Agreement executed on December 17, 2024 with various local banks.

There is no assurance that SMGP will be able to refinance or obtain additional financing when needed on commercially acceptable terms or at all. Any additional debt financing may place restrictions on SMGP, which may, among others:

- increase vulnerability to general adverse economic and industry conditions;
- limit ability to pursue growth plans;
- limit ability to raise additional financing and access credit or equity markets to satisfy its repayment obligations as they become due on favorable terms, or at all;
- require SMGP to dedicate a substantial portion of cash flow from operations to payments on debt and capital securities, thereby reducing the availability of its cash flow to fund capital expenditure, working capital requirements and other general corporate purposes; and/or;
- limit its flexibility in planning for, or reacting to, changes in its business and its industry, either through the imposition of restrictive financial or operational covenants or otherwise.

Suspension of issuance and renewal of RES licenses

SMGP requires retail electricity supplier (“RES”) licenses to conduct its retail supply business. RES licenses are issued by the ERC and there is no assurance that the ERC will not suspend the issuance or renewal of RES licenses. For example, in June 2015, the DOE through Department Circular (“DC”) 2015-06-0010 enjoined the ERC to immediately issue the supporting guidelines including the revised rules for issuance of RES licenses. In compliance with the department circular, the ERC issued the following resolutions to govern the issuance of new RES licenses and renewal of existing RES licenses and the registration of retail customers (collectively, the “**2016 ERC RES Issuances**”):

- Resolution No. 5, Series of 2016, entitled “A Resolution Adopting the 2016 Rules Governing the Issuances of the Licenses to Retail Electricity Suppliers (RES) and Prescribing the Requirements and Conditions Therefor” (the “**RES License Guidelines**”)

- Resolution No. 10, Series of 2016, entitled “A Resolution Adopting the Revised Rules for Contestability”
- Resolution No. 11, Series of 2016, entitled “A Resolution Imposing Restrictions on the Operations of Distribution Utilities and Retail Electricity Suppliers in the Competitive Retail Electricity Market”
- Resolution No. 28, Series of 2016, entitled “Revised Timeframe for Mandatory Contestability, Amending Resolution No. 10, Series of 2016 Entitled Revised Rules for Contestability”

However, in February 2017, the Philippine Supreme Court, acting on a petition filed by certain entities, issued a temporary restraining order on the implementation of DC 2015-06-0010 and the 2016 ERC RES Issuances. In response to the temporary restraining order, and to provide guidance to relevant power industry players, the DOE issued DC 2017-12-0013 and DC 2017-12-0014 encouraging eligible contestable customers to voluntarily participate in RCOA. In 2019, the DOE issued DC 2019-07-0011, amending various issuances on the implementation of the RCOA. DC 2019-07-0011 provides that the registration of contestable customers as trading participants in the WESM shall be on a voluntary basis and that contestable customers shall source its electricity supply requirements from ERC-licensed/authorized suppliers. In light of the temporary restraining order issued by the Philippine Supreme Court, the ERC, in its meeting held on October 3, 2019, approved the resumption of the issuance of RES licenses using ERC Resolution No. 1, Series of 2011.

On March 2, 2021, the Philippine Supreme Court promulgated its decision, a copy of which was made publicly available on September 24, 2021, finally declaring DC 2015-06-0010 and the 2016 ERC RES Issuances, void for being bereft of legal basis. As a result, the temporary restraining order issued by the Philippine Supreme Court in February 2017, which enjoined the DOE and ERC from implementing DC 2015-06-0010 and the 2016 ERC RES Issuances, has been made final. In the same decision, the Philippine Supreme Court also directed the ERC to promulgate the supporting guidelines to DC 2017-12-0013 and DC 2017-12-0014.

In order to address gaps, ensure adherence to policy objectives and strengthen competition, on 24 August 2024, the ERC issued ERC Resolution No. 13, Series of 2024, entitled “A Resolution Adopting the Omnibus Rules for Customer Choice Programs in the Retail Market” (“**2024 Omnibus Rules for Customer Choice Programs**”), which provides, among others, the procedures for obtaining a RES license.

SMGP has two RES licenses, issued to its subsidiaries LPI and MPCL, which have a term of five years each and are both valid until September 29, 2028. The ability of SMGP to directly contract with contestable customers may be limited if (a) the existing RES licenses are not timely renewed, or (b) the authority of the ERC to issue ERC licenses on the basis of the 2024 Omnibus Rules for Customer Choice Programs, and the RES licenses issued and renewed by the ERC on such basis, are questioned.

Such limitation on the ability of SMGP to directly contract with contestable customers could have a material adverse effect on the business, financial condition and results of operations of SMGP.

Disruptions and fluctuations in availability and cost of fuel supply

The operations of the Sual Power Plant, Ilijan Power Plant, Masinloc Power Plant, Limay Greenfield Power Plant, Davao Greenfield Power Plant and Mariveles Greenfield Power Plant depend on the availability of fuel, in particular coal and natural gas. SMGP, through its subsidiaries, is responsible, at the cost of the latter, for supplying the fuel requirement of the Sual Power Plant, Ilijan Power Plant, Masinloc Power Plant, Limay Greenfield Power Plant, Davao Greenfield Power Plant and Mariveles Greenfield Power Plant. SMGP, through its subsidiaries, has entered into fuel supply agreements for its power plants and, subject to regulatory approval, is able to pass on the fuel cost to its customers (particularly for distribution utilities and electric cooperatives).

There is no assurance that there will not be any interruption or disruption in, or change in terms of, the fuel supplies to these power plants, or that future power supply agreements will allow the impact of fuel price fluctuations to be passed through to the customer (which could have result in positive or negative exposure), or that there will be sufficient fuel in the open market at competitive prices or sufficient transportation capacity available to ensure that these power plants receive sufficient fuel supplies required for their operations on a timely basis or at all. Moreover, geopolitical tensions and uncertainties caused by events such as the Russian invasion of Ukraine, the Israeli–Palestinian conflict, escalation in the longstanding conflict between Israel and Iran, changes in foreign policy or regulatory requirements, trade restrictions, higher tariffs and changes to existing tariffs, or the imposition of additional regulations relating to the import or export of products such as fuel supplies have impacted global trade and supply chains and adversely affected SMGP’s ability to access fuel supplies at competitive prices or in sufficient amounts for the operations of its power plants.

There is also no assurance that SMGP, through its subsidiaries, will be able to purchase all of its required fuel supplies from its regular suppliers that produce fuel of acceptable and known quality. Consequently, SMGP could experience difficulties ensuring a consistent quality of fuel, which could negatively affect the stability and performance of these power plants.

For example, the Ilijan Power Plant sourced natural gas for its operations from the Malampaya gas facility in Palawan ("**Malampaya**") during the term of the Ilijan IPPA Agreement. In 2022, prior to the turnover of the Ilijan Power Plant to SPPC, frequent and extended gas supply restrictions on the Malampaya gas fields were experienced. In January 2022, the Indonesian government imposed a coal export ban, which was gradually lifted as its domestic power plants stockpiled their coal inventories. While coal sourced from Indonesia accounts for approximately 80% to 90% of SMGP's coal supply, the ban did not adversely impact plant operations.

SMGP has invested in circulating fluidized bed ("**CFB**") or supercritical power plants (for the Limay Greenfield Power Plant, Davao Greenfield Power Plant, Units 3, 4 and 5 of the Masinloc Power Plant and Mariveles Greenfield Power Plant) that can use low-grade coal and has retrofitted its existing pulverized coal ("**PC**") power plants (Masinloc Units 1 and 2) to use low-grade coal, which is also less expensive and relatively more abundant compared to high-grade coal (i.e., coal of 6,000 kcal upwards). There can be no assurance that SMGP will be able to obtain the quality of coal in such quantities that it requires for its operations.

SMGP has a contract with an international trader-supplier that can source coal supply from other countries such as Australia, if needed and has fuel supply agreements with international coal suppliers such as Vitol Asia Pte. Ltd. ("**Vitol**") and PT Bayan Resources Pte. Ltd. ("**Bayan**"). Coal inventory levels during the period run at about one to one and a half months. If necessary, inventory from the portfolio of its power plants can be allocated to those plants urgently needing replenishment. SMGP also sourced domestic suppliers to potentially cover its coal requirements to mitigate the impact of the restriction. Reduced supply of high-grade coal may also cause disruptions in SMGP's fuel supply. Effective March 2025, Indonesia introduced a benchmark price ("**HBA**") which serves as a floor price for domestic and export sales of Indonesian coal. The introduction of HBA may impact existing and future coal contracts of SMGP in view of the set floor price (which may be higher than prevailing market prices). SMGP has been able to pass-through the increase in coal prices in the majority of its contracted capacity.

Such factors, which may include events which are beyond the control of SMGP, could affect the normal operation of these power plants or incur significant costs to source replacement power or to reconfigure its plants, which could have a material adverse effect on the business, financial condition and results of operations of SMGP.

Reliance on IPP for the operation and maintenance of the San Roque Power Plant

Power generation involves the use of highly complex machinery and processes, and the success of SMGP depends on the effective maintenance of equipment for its power generation assets. The IPP of the San Roque Power Plant is responsible for its operation and maintenance.

Although the energy conversion agreement ("**ECA**") for the San Roque Power Plant contains bonus and penalty provisions, and SMGP monitors the IPP's adherence to the minimum operating protocols specified in the IPPA and ECA, there is still a risk that the IPP will fail to satisfactorily perform its operations and maintenance obligations. Any failure on the part of the IPP to properly operate and/or adequately maintain the San Roque Power Plant will result in the failure of SRHI to deliver electricity, and the counterparties of SRHI in its power supply contracts ("**PSCs**") may have a right to terminate those contracts for outages beyond applicable outage allowances in the PSCs, and replacement contracts may not be entered into on comparable terms or at all. Any of the foregoing could have a material adverse effect on the financial and operating performance of SMGP.

Market limitations under the Electric Power Industry Reform Act of 2001 ("**EPIRA**")

The EPIRA limits the market share of a participant to 30% per grid and 25% of the National Grid by installed capacity. Based on the total installed generating capacities reported in the ERC Resolution on Grid Market Share Limitation and corresponding press release dated March 17, 2025 issued by the ERC (using January to December 2024 operations data for generation facilities), SMC's market share was approximately 22% of the National grid, 28% of the Luzon grid,

5% of the Visayas grid and 9% of the Mindanao grid.⁷ Market share is computed by dividing the relevant installed generating capacity for the period by the total installed generating capacity of Luzon Grid, Visayas grid, Mindanao Grid or National Grid (19,419,592 kW, 3,383,868 kW, 4,292,586 kW and 27,096,046 kW, respectively, based on data provided under the ERC Resolution on Grid Market Share Limitation). While SMGP is currently within its market share cap (taking into account the greenfield power plants and expansion projects under construction and adjusting for the Chromite Transactions completed in January 2025), it may not receive permission to increase its capacity and market share further if this would result in exceeding the permitted capacity or market share prescribed by the EPIRA. Such inability to expand and grow the power business could materially and adversely affect the business prospects of SMGP.

Development of greenfield power projects and expansion projects of existing plants involves substantial project risks

The development of greenfield power projects and expansion projects of existing power plants involves substantial project risks. Project risks could emanate from various sources such as poor project planning, execution and contractor/subcontractor issues and unforeseen engineering and environmental considerations, among others. If not addressed in a timely manner, these issues may negatively impact the project, including delays in obtaining the relevant permits, which would ultimately affect SMGP's financial condition and results of operations, such as revenue loss resulting from delay in commercial operations.

In addition, the inability to secure adequate financing and negotiate acceptable offtake agreements could have a material adverse effect on the business, financial condition, results of operations and future growth prospects of SMGP.

Adverse effect of WESM price fluctuations

From the time the WESM for Luzon began operating in June 2006, market prices for electric power have fluctuated substantially. Unlike many other commodities, electric power can only be stored on a very limited basis and generally must be produced concurrently with its use. As a result, power prices are subject to significant volatility from supply and demand imbalances. Long-term and short-term power prices may also fluctuate substantially due to other factors outside of the control of SMGP, including:

- increases and decreases in generation capacity in the markets, including the addition of new supplies of power from existing competitors or new market entrants as a result of the development of new generation power plants or expansion of existing power plants or additional transmission capacity;
- changes in power transmission or fuel transportation capacity constraints or inefficiencies;
- electric supply disruptions, including power plant outages and transmission disruptions;
- changes in the demand for power or in patterns of power usage, including the potential development of demand-side management tools and practices;
- the authority of the ERC to review and, if warranted under applicable circumstances, adjust the prices on the WESM;
- the authority of the ERC to temporarily suspend WESM operations in cases of national and international security emergencies or natural calamities;
- climate, weather conditions, natural disasters, wars, embargoes, terrorist attacks and other catastrophic events;
- availability of competitively priced alternative power sources;
- development of new fuels and new technologies for the production of power; and
- changes in the power market and environmental regulations and legislation.

These factors could have a material adverse effect on the business, financial condition and results of operations of SMGP.

On March 3, 2014, the ERC issued an Order (the “**March 3, 2014 ERC Order**”) declaring the prices in the WESM for the November and December 2013 billing months, as null and void, and ordered the PEMC, the operator of the WESM, to calculate and issue adjustment bills using recalculated prices. Subsequent orders were issued by the ERC setting the period for compliance of the March 3, 2014 ERC Order (collectively, the “**2014 ERC Orders**”). Certain parties including SPI, SPPC, SRHI and MPCL filed a request with the ERC for the reconsideration of the 2014 ERC Orders. Other generators

⁷ The ERC press release dated March 17, 2025 setting out the market share of the five largest players in the generation sector noted that certain industry developments, including change in ownership of some large generation facilities, have not been reflected yet. Accordingly, market share is subject to adjustment, including the change in ownership of the Ilijan Power Plant. In addition to the installed generation capacity attributable to SMGP, the ERC press release includes 183 MW attributable to Petron Corporation, an affiliate of SMGP through SMC.

also requested the Supreme Court to stop the implementation of the 2014 ERC Orders. On June 26, 2014, certain parties including SPI, SPPC and SRHI filed with the Court of Appeals a Petition for Review of these orders. On the other hand, MPCL filed its Petition for Review with the Court of Appeals on December 12, 2014. After consolidating the cases, the Court of Appeals, in its Decision dated November 7, 2017, granted the Petition for Review filed by SPI, SPPC, SRHI and MPCL declaring the 2014 ERC Orders null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months November to December 2013. The Court of Appeals affirmed this Decision in its March 29, 2019 Omnibus Resolution. The ERC appealed the Decision and Resolution of the Court of Appeals, which nullified and set aside the 2014 ERC Orders declaring the WESM prices for November and December 2013 void. On August 3, 2021, a Decision was rendered by the Supreme Court En Banc in a separate case declaring the March 3, 2014 ERC Order as null and void, which attained finality on October 11, 2022. Considering that this Decision of the Supreme Court En Banc covers the March 3, 2014 ERC Order, the difference between the actual Luzon WESM prices and the regulated prices (based on the March 3, 2014 ERC Order) for WESM sales and purchases by SPI, SPPC, SRHI, SMELC and MPCL amounting to up to ₱2,321.8 million will have to be settled with the Independent Electricity Market Operator of the Philippines ("IEMOP"), the current operator of the WESM) in favor of the relevant SMGP subsidiaries.

Expiration, termination, renewal and entry into offtake agreements and regulatory approvals of offtake agreements

SMGP, through its subsidiaries, has offtake agreements with various distribution utilities, electric cooperatives and large industrial and commercial users. While SMGP intends to renew or enter into new offtake agreements upon expiration to provide stable and predictable revenue streams, there is no assurance that SMGP will be able to renew or enter into new offtake agreements for similar volumes or at similar prices. If SMGP is unable to enter into new offtake agreements, SMGP will be further exposed to fluctuations in electricity prices in the WESM, which could materially and adversely affect the profitability of SMGP. Further, SMGP will not be able to enter into new offtake agreements with distribution utilities and electric cooperatives in the absence of a CSP.

SMGP regularly participates in CSPs to contract its capacity. In a CSP conducted by Meralco on January 5 and January 23, 2024, EERI, MPGC and SPPC emerged as the lowest bidders for the supply of 2,700 MW out of the 3,000 MW power requirement of Meralco with 1,200 MW, 300 MW and 1,200 MW in offered capacities, respectively. The contracts are for a term of 15 years and have a full fuel pass-through scheme. To date, all PSAs have already commenced supply.

In the CSP conducted by Meralco on February 26, 2024, LPI emerged as the winning bidder for the latter's 400 MW power requirement. The contract commenced in August 2024 and ended on February 25, 2025 and had a full fuel pass-through scheme.

In another CSP conducted by Meralco for renewable energy contract capacity on July 17, 2024, SRHI emerged as the winning bidder for a 340 MW power supply contract for a period of ten years to commence in 2025 or upon the issuance of the ERC approval of the PSA, whichever comes later. On August 21, 2024, SRHI entered into a PSA with Meralco.

In the most recent CSP conducted by Meralco on August 28, 2024, MPCL emerged among the lowest bidders and is therefore set to supply 500 MW out of the 600 MW power requirement of Meralco. On September 2, 2024, a PSA was entered into by MPCL and Meralco with a term of 15 years to commence in 2025 and has a full fuel pass-through scheme.

When the current offtake agreements with Meralco expire and as SMGP's greenfield power plants come online, there is no assurance that SMGP, through its subsidiaries, will be awarded contracts pursuant to any CSP conducted by Meralco or other distribution utilities or electric cooperatives, or will successfully negotiate with various contestable customers or RES, or that any new offtake agreements entered into will be on the same terms (including with respect to electricity volumes, pricing terms and any fuel pass-through scheme). In addition, there can be no assurance that Meralco and other offtakers will be able to meet future payment obligations under their respective agreements with SMGP.

For example, in a CSP conducted by Meralco in January 2021 for its 1,800 MW (net) power requirements, EERI and MPCL were awarded the following 20-year power supply agreements after emerging as the winning bidders: (i) PSA with EERI for the supply and delivery of 1,200 MW contract capacity with commercial operations date on November 26, 2024 expiring on November 25, 2044; and (ii) PSA with MPCL for the supply and delivery of 600 MW contract capacity with commercial operations date on April 26, 2025 and expiring on April 25, 2045. These PSAs were executed by the relevant parties and filed with the ERC on March 23, 2021 for approval. However, these PSAs were terminated by SMGP effective April 1, 2023 due to the non-occurrence of the acceptance date of ERC's final approvals after the

lapse of the longstop date prescribed in the respective agreements.

In another CSP conducted by Meralco in September 2019 in accordance with the requirements under DOE Circular No. DC2018-02-0003 (the “**DOE CSP Policy**”), SPPC was awarded two offtake contracts to supply an aggregate of 960 MW from the Ilijan Power Plant. The first contract was for the supply of 670 MW for baseload power requirements for a period of ten years from December 26, 2019 and the second contract was for the supply of 290 MW mid-merit power requirements for a period of five years from December 26, 2019. In addition, SPI was also awarded a contract to supply 330 MW for baseload power requirements from the Sual Power Plant for a period of ten years from December 26, 2019. The three contracts were executed between Meralco and the relevant IPPAs and were implemented under provisional authority and were pending final approval from the ERC. However, on May 11, 2022, SPI and SPPC filed separate Joint Motions for Price Adjustment with Meralco for the 670 MW and 330 MW PSCs to allow SPI and SPPC to temporarily increase the contract price under their respective Meralco PSCs for the January to May 2022 billing periods in view of the unprecedented global increase in fuel and gas prices brought about by the Russia-Ukraine war. SPI and SPPC terminated their respective PSAs with Meralco effective October 4, 2022 while the 290 MW PSA was subsequently assigned by SPPC to SPI in January 2024 and the term of this PSA expired on December 25, 2024.

The business, cash flows, earnings, results of operations and financial condition of SMGP could be materially and adversely affected if SMGP is unable to successfully participate and bid for supply contracts with Meralco and other offtakers under favorable terms or at all, or if Meralco and other offtakers are unable to meet their payment obligations under existing agreements, and SMGP is unable to find new customers to replace Meralco and other offtakers, or if the relevant regulatory approvals are not released on time.

Administration of the output of SMGP’s power portfolio necessarily involves significant risks

The administration of the output of power generation facilities necessarily involves significant risks, including:

- breakdown or failure of power generation equipment, transmission lines, pipelines or other equipment or processes, leading to unplanned outages and operational issues;
- flaws in the equipment design or in power plant construction;
- issues with the quality or interruptions to the supply of key inputs, including fuel or water;
- material changes in legal, regulatory or licensing requirements;
- operator error;
- performance below expected levels of output or efficiency;
- industrial actions affecting power generation assets owned or managed by the subsidiaries of SMGP or its contractual counterparties;
- pollution or environmental contamination affecting the operation of power generation assets;
- planned and unplanned power outages due to maintenance, expansion and refurbishment;
- inability to obtain or the cancellation of required regulatory, permits and approvals;
- opposition from local communities and special interest groups; and
- force majeure and catastrophic events including fires, explosions, earthquakes, volcanic eruptions, floods, and terrorist acts that could cause forced outages, suspension of operations, loss of life, severe damage, and plant destruction.

There is no assurance that any event similar or dissimilar to those listed above will not occur or will not significantly increase costs or decrease or eliminate sales derived by SMGP from its power generation assets. While the IPPA Agreement of SRHI provide certain reliefs in the event the San Roque Power Plant cannot produce or dispatch electricity, if any of the power generation assets of the San Roque Power Plant is unable to generate or deliver electricity to customers for an extended period of time which may be due to the aforementioned risks, its customers may be exempt from making certain payments so long as any such events continue. In addition, if SRHI fails to deliver electricity beyond the contractually agreed outage periods, its counterparts in its PSCs may have a right to terminate those contracts, and replacement contracts may not be entered into on comparable terms. Any of the foregoing could have a material adverse effect on the financial and operating performance of SMGP.

Operating and other risks leading to network failures, equipment breakdowns, planned or unplanned outages

Power generation is vulnerable to human error in operation, equipment failure, catastrophic events, natural disasters, sabotage, terrorist attacks or other events which can cause service interruptions, network failures, breakdowns or unplanned outages. There is no assurance that accidents will not occur with SMGP’s power plants or that the preventive measures taken by SMGP will be fully effective in all cases, particularly in relation to external events that

are not within its control. Moreover, any loss from such events may not be recoverable under SMGP's insurance policies. SMGP's income and cash flows will be adversely affected by any disruption of operations of its plants due to any of the foregoing risks. Any unplanned plant shutdowns for an extended period of time will have a material adverse effect on SMGP's ability to sell power and SMGP's results of operations could suffer. For example, from September 16, 2020 to May 12, 2021, the Sual Power Plant Unit 2 experienced an outage due to major turbine repairs to improve its reliability moving forward. In the event of a service disruption, SMGP would typically seek to purchase replacement power, which may be at a significantly greater cost than power generated by it or than it is able to recover. SRHI is also entitled to reduction in the IPPA payments to PSALM for fixed and generation fees of the San Roque Power Plant that will compensate it for any loss in margins from prolonged outages. Nevertheless, any of these factors may be beyond SMGP's control, and their occurrences could have a material adverse effect on SMGP's business, financial condition or results of operations.

Insufficient insurance coverage for generation plants

SRPC, the IPP of the San Roque Power Plant, is responsible for maintaining insurance for all of the facilities, equipment and infrastructure for the power plant, with the exception of the dam and spillway, for which NPC is obligated to maintain insurance coverage. SRHI, however, is not a beneficiary of any of these insurance policies. SRHI also does not have any business interruption insurance coverage and is therefore uninsured for liabilities or any direct or indirect costs and losses which may be incurred, as a result of any business interruption that the San Roque Power Plant may experience. SMGP believes that there is no business interruption insurance available for the IPPA business model under which SRHI is currently operating. Accordingly, any uninsured liabilities or direct or indirect losses, including any third-party claims that result from an interruption to the business of SRHI, could have a material adverse effect on its financial condition and results of operations.

For the power plants of SPI, MPGC, LPI, MPI, MPCL, Kabankalan BESS and BESS facilities of SMGP BESS, these entities secure the necessary insurance for their respective power plants, the terms of which are reviewed regularly. Depending on the requirements of the relevant plant, the insurance policies may cover industrial all risks, erection all risks, business interruption, marine cargo insurance, sabotage and terrorism, physical material loss or damage caused by natural disasters, breakdowns or other events that could affect the facilities and processes used by its businesses. However, the business interruption insurance policies of LPI, MPGC, MPI, or MPCL do not cover any declines in production or adverse publicity that these entities may suffer as well as any significant resource that LPI, MPGC, MPI, or MPCL may invest to address such losses.

In addition, there is no assurance that SMGP will be able to renew these policies on similar or otherwise acceptable terms, or at all, or that SMGP will not experience a material increase in the premiums payable under its insurance policies. If one or more of SMGP's power projects were to incur a serious uninsured loss, a loss that significantly exceeds the limits of its insurance policies or any unexpected losses against which these subsidiaries are not fully insured, this could have a material adverse effect on their businesses, financial condition and results of operations.

No direct contractual and operational relationship

SRHI is dependent on the operator of the San Roque Power Plant to generate power from the same, and for SRPC to comply with their contractual obligations to NPC under its IPP Agreement. SRHI does not have a direct contractual relationship with the IPP and cannot directly enforce the IPP Agreement against the IPP. Failure by an IPP to comply with its obligations under its IPP Agreement may significantly reduce or eliminate power generation volumes or increase costs, thereby decreasing or eliminating revenues that SRHI can derive from selling the power generated by the San Roque Power Plant. Any claims for damages for breach, or other entitlement, benefit or relief under the IPPA Agreement arising from the breach, by the IPP, of its IPP Agreement obligations must be claimed by SRHI against PSALM through specified claim mechanisms. The IPPA Agreement does not permit set-off of claims, and SRHI is only entitled to payment of their claim after PSALM has received payment from the IPP of its corresponding claim. Accordingly, SRHI bears the risks associated with the lack of direct recourse against the IPP, delays in the enforcement of its claims and other risks related to pursuing claims or legal proceedings against a state-owned entity such as PSALM. Any of these factors could have a material adverse effect on the business, financial condition and results of operations of SMGP.

Foreign exchange risk

While most of the offtake agreements of SMGP allow adjustments for foreign exchange rate fluctuations, SMGP is subject to foreign exchange risk. A substantial amount of revenue from sales of power by SMGP is denominated in Philippine Pesos, while a portion of its expenses and obligations are denominated in U.S. dollars and SMGP regularly

obtains financings from various foreign financial institutions and issues securities denominated in U.S. dollars. The scheduled payment obligations to PSALM pursuant to the San Roque IPPA Agreement of SRHI with PSALM is denominated in both U.S. dollars and Philippine Pesos. The proportion of U.S. dollars to Philippine Pesos payable under the San Roque IPPA Agreement is approximately 50% at the exchange rates prevailing as of the dates of the said agreement. SMGP, through its subsidiaries, also purchases coal as fuel for the Sual Power Plant and its greenfield power projects using U.S. dollars and a significant portion of the capital expenditures required for its greenfield power projects are denominated in U.S. dollars.

In addition, certain PSAs entered into in the past by SMGP's subsidiaries had fixed price escalation mechanisms rather than tariff adjustment based on current foreign exchange rates, resulting in the inability to pass-through the impact of foreign exchange fluctuations.

A depreciation of the Philippine Peso, particularly with respect to the U.S. dollar, increases the Philippine Peso equivalent value of the foreign currency-denominated costs and obligations of SMGP. This could adversely affect the results of operations of SMGP and its ability to service its foreign currency-denominated liabilities.

SMGP actively evaluates combinations of natural hedges, such as holding U.S. dollar-denominated assets and liabilities and foreign exchange adjustments in the pricing for certain offtake contracts and derivative instruments to manage its exchange rate risk exposure. SMGP has entered into derivative contracts covering its net foreign currency denominated monetary liabilities. As a general policy, SMGP may hedge up to 50% of its exposure and subject to management approval, for more than 50% of its exposure if necessary. Less than 5% of the consolidated net foreign currency-denominated monetary liabilities of SMGP has been hedged as of June 30, 2025 through financial hedging arrangements with counterparty institutions. SMGP also considers redenomination of U.S. dollar-denominated obligations to Philippine Peso to minimize exposure to foreign exchange fluctuations. Nonetheless, there can be no assurance that the Philippine Peso will not depreciate significantly against the U.S. dollar or other currencies in the future or that such depreciation will not have an adverse effect on the growth of the Philippine economy or the financial condition of SMGP.

Variations in hydrological conditions and irrigation requirements

Hydroelectric generation is dependent on the amount and location of rainfall and river flows, which vary widely from quarter to quarter and from year to year. NPC owns and operates the dam and the dam-related facilities of the San Roque Power Plant and has obtained a water permit allowing it to use the water flow from the Agno River to generate power from the San Roque Power Plant with an allowable volume dictated by downstream irrigation requirements set by the National Irrigation Administration ("**NIA**").

The facilities of AHP are located within the Angat Watershed Reservation, which is managed by and is under the jurisdiction of NPC. NPC was issued a water permit dated November 28, 1979 by the National Water Resources Council pursuant to which NPC has authority to extract water from the Angat River for power generation purposes. In a resolution dated April 4, 2016, the National Water Resources Board ("**NWRB**") granted KWPP Holdings Corporation's petition for the transfer of the said water permit to itself and authorized its lease to AHC. The water discharged by the AHP is used for the following purposes: (i) the water outflow of the three Auxiliary Units of 6 MW capacity each (each, an "**Auxiliary Unit**" or collectively, "**Auxiliary Units**") flows to the Ipo Dam and is conveyed by Metropolitan Waterworks and Sewerage System ("**MWSS**") to Metro Manila for domestic use; and (ii) the water outflow of the four Main Units of 50 MW capacity each (each a "**Main Unit**" or collectively, "**Main Units**") flows to the Bustos Dam and is conveyed by NIA to the province of Bulacan for irrigation purposes.

The levels of hydroelectric production can therefore vary from period to period depending on the water levels in the reservoir and downstream irrigation and water supply requirements. In years of less favorable hydrological conditions, such as periods of drought or when the El Niño weather phenomenon occurs, the reservoir has low water levels, which reduces the amount of power that the San Roque Power Plant and the AHP are able to generate. This could reduce the revenues from the sale of power from the San Roque Power Plant and the AHP, which could have a material adverse effect on SMGP's business, financial condition and results of operations. Conversely, if too much rainfall occurs at any one time, such as during a typhoon, water may flow too quickly and at volumes in excess of the water intake capacity of the San Roque Power Plant and AHP, which may cause release of water using the spillway.

Challenges in successfully implementing its growth strategy

Implementing the growth strategy of SMGP involves: (i) substantial investments in new power generation facilities

such as LNG power plants and expansion of existing power generation facilities; (ii) acquisitions of existing power generation capacity; (iii) entering into alliances with strategic partners; (iv) dispositions or divestment of portions of its interests in power generation facilities and other assets; (v) entering into new and developing technologies and services, such as energy storage solutions, particularly BESS and ancillary services, such as frequency regulating reserves; and (vi) targeting new markets, such as the renewable energy market.

For example, on March 1, 2024, Meralco PowerGen Corporation (“**MGen**”) and Therma NatGas Power, Inc. (“**TNGP**”, a subsidiary of Aboitiz Power Corporation), through their joint venture entity, (MGen and TNGP shareholdings at 60% and 40% each, respectively), Chromite Gas Holdings, Inc. (“**Chromite Gas Holdings**”), entered into binding agreements with SMGP and its relevant subsidiaries to jointly invest for a 67% equity interest in each of the following SMGP gas-fired power plants and assets: (i) the Ilijan Power Plant owned by SPPC, (ii) BCC Power Plant owned by EERI, and (iii) land owned by Ilijan Primeline Industrial Estate, Corp. (“**IPIEC**”) where the BCC Power Plant, the Batangas LNG Terminal and their respective related facilities are located (the “**Chromite Transactions**”). On December 23, 2024, the Philippine Competition Commission announced its decision to approve the transactions and the parties completed the Chromite Transactions on January 27, 2025. Following the completion of the Chromite Transactions, SMGP’s direct interest and corresponding cash flows associated with the Ilijan Power Plant, BCC Power Plant and related facilities and assets decreased. The impact on SMGP of this transaction, any future acquisitions or investments and dispositions cannot be fully predicted and any of the risks outlined herein, should they materialize, could have a material adverse effect on SMGP’s business, financial condition, results of operations and prospects.

The success in implementing the strategy of SMGP will depend on, among other things, its ability to identify and assess investment and acquisition opportunities as well as potential partners, its ability to successfully finance, close and integrate investments, acquisitions and relevant technologies for the production of power, its ability to manage construction of planned greenfield and expansion power projects within technical, cost and timing specifications, its ability to establish BESS projects and integrate these with the grid and support renewable energy sources, its ability to secure offtake agreements through CSP, its ability to control costs and maintain sufficient operational, financial and internal controls, the strength of the Philippine economy (including overall growth and income levels), the growth of the relevant target markets, and the overall levels of business activity in the Philippines.

In the regular course of business, SMGP enters into agreements for potential investments and acquisitions. For example, on June 28, 2024, SGLPC signed an investment and shareholders agreement with Citicore Renewable Energy Corporation for the 153.5 MW solar power plant to be constructed in Barangay Lucanin, Mariveles, Province of Bataan, that is expected to be completed in 2026. If general economic and regulatory conditions or market and competitive conditions change, or if operations do not generate sufficient funds or other unexpected events occur, SMGP may decide to delay, modify or forego some of its planned or contemplated projects or alter aspects of its growth strategy, and its future growth prospects could be materially and adversely affected. For example, SMGP may consider alternative technologies for planned power projects that will improve efficiencies and lower emissions.

The growth strategy of SMGP will also place significant demands on its management, financial and other resources. In particular, continued expansion will increase the challenges for financial and technical management, recruitment, training and retention of sufficient skilled technical and management personnel and developing and improving its internal administrative infrastructure. In addition, expansion into new markets will necessitate recruitment and development of expertise in new technologies, including natural gas and BESS technologies. Any inability to meet these challenges could disrupt the business of SMGP, reduce its profitability and adversely affect its results of operations and financial condition.

Dependence on the existence of transmission infrastructure

The transmission infrastructure in the Philippines continues to experience constraints on the amount of electricity that can be delivered from power plants to customers, as well as limited interconnectivity between the Luzon, Visayas and Mindanao grids.

SMGP and its subsidiaries are in constant consultation and communication with NGCP and other relevant Government institutions to address the transmission infrastructure requirements of SMGP and its subsidiaries. The DOE is mandated by law to prepare a Transmission Development Plan to be implemented by NGCP which aims to address projected infrastructure limitations and interconnectivity of sub-grids.

If these transmission constraints continue, the ability of SMGP to supply electricity from the San Roque Power Plant of SRHI and its operating and planned power projects, as well as the ability of SMGP to increase its geographical reach,

will be adversely affected. This could have a material adverse effect on the business and revenue growth of SMGP from the sale of power.

Changes in taxation and certain tax exemptions and tax incentives

On March 26, 2021, President Rodrigo Duterte signed into law Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act ("**CREATE Law**") which introduced reforms to the corporate income tax and incentives systems. Effective July 1, 2020, the corporate income tax rate on domestic corporations has been reduced from 30% to 25%, while domestic corporations with net taxable income not exceeding ₱5 million and total assets (excluding land on which the corporation's office, plant, and equipment are situated) not exceeding ₱100 million are subject to 20% corporate income tax. The CREATE Law further enhanced certain incentives that investment promotion agencies may grant to business enterprises, such as additional deductions, increased net-operating loss carry-over, VAT exemption on importation and VAT zero-rating of local purchases of goods and services directly and exclusively used in the registered project or activity, among others. In view of the effectivity of the CREATE Law, registered business enterprises with incentives granted prior to the effectivity of the CREATE Law shall be subject to the following rules:

- (i) Registered business enterprises whose projects or activities were granted only an income tax holiday ("**ITH**") prior to the effectivity of the law shall be allowed to continue to avail of the ITH for the remaining period specified in the terms and conditions of their registration, provided that enterprises that have been granted the ITH but have not yet availed of such incentive upon the effectivity of the law may use the ITH for the period specified in the terms and conditions of their registration;
- (ii) Registered business enterprises whose projects or activities were granted an ITH prior to the effectivity of the law and that are entitled to the 5% tax on gross income earned incentive after the ITH shall be allowed to avail of the 5% tax on gross income incentive subject to the 10-year limit provided under the CREATE Law; and
- (iii) Registered business enterprises currently availing of the 5% gross income earned incentive granted prior to the effectivity of the law shall be allowed to continue to avail of such tax incentive for ten (10) years.

Registered subsidiaries of SMGP with incentives granted prior to the effectivity of the CREATE Law may continue to avail of the same, subject to the rules prescribed under the said law. One of the incentives retained is the continued use of ITH for the original periods specified in the terms and conditions of their respective registrations. However, the entitlement to 5% gross income tax after the ITH (granted to MPGC by the Authority of the Freeport Area of Bataan ("**AFAB**") is subject to the ten (10)-year limit for both incentives reckoned from the effectivity of the CREATE Law, instead of the original period of 21 years.

On November 8, 2024, President Ferdinand R. Marcos, Jr. signed the CREATE MORE Bill into law, officially making it Republic Act No. 12066 or also known as "CREATE MORE" (the "**CREATE MORE Act**"). The CREATE MORE Act took effect 15 days after its publication. The CREATE MORE Act, among others, introduced amendments to the National Internal Revenue Code of 1997, as amended (the "**Tax Code**") to enhance the tax incentive regime that registered business enterprises (e.g., BOI-registered entities) may receive, including: (i) VAT zero-rating on local purchases (which shall now include goods and services related to a registered project or activity such as janitorial, security, financial, consultancy, marketing, and administrative functions such as human resources, legal, and accounting services); (ii) VAT exemption on importation of goods and services; (iii) duty exemption on importation shall now include goods used for administrative purposes; (iv) an enhanced deductions regime; (v) income tax holiday; (vi) a registered business enterprise local tax that shall be assessed in lieu of all local taxes and local fees and charges imposed by a local government, during the period when the registered business enterprise enjoys income tax holiday or avails of the enhanced deductions regime; and (vii) a special corporate income tax of five percent (5%) in lieu of all national and local taxes as well as local fees and charges.

Under the CREATE MORE Act, registered business enterprises with incentives granted prior to the effectivity of the CREATE Law shall be subject to incentives in their certificate of registration or certificate of registration and tax exemption, and allowed to avail, or continue availing, of certain incentives until December 31, 2034.

On May 29, 2025, President Ferdinand R. Marcos, Jr. signed Republic Act No. 12214 or the Capital Markets Efficiency Promotion Act ("**CMEPA**"), subject to the President's exercise of line-item veto powers. The law took effect on July 1, 2025. CMEPA was legislated to allow capital markets to develop efficiently with least intervention from the

Government. Among other amendments, CMEPA rationalized the tax rates across financial instruments through (i) the reduction of the stock transaction tax on the sale of shares listed with the Philippine Stock Exchange, (ii) the alignment of the tax treatment of gains from the sale of unlisted foreign shares with the sale of unlisted shares in the Philippines, (iii) the application of a uniform final withholding tax of 20% on interest income, regardless of the instrument's nature or tenor, except in the case of non-resident aliens not engaged in trade or business and non-resident foreign corporations whose interest income will still be subject to a final withholding tax of 25%, and (iv) the reduction of documentary stamp tax on the original issuance of shares to align with the tax rates of debt instruments and secondary transfers of shares outside the stock exchange.

As of June 30, 2025, certain subsidiaries of SMGP, namely, MPCL for the Masinloc Power Plant and Masinloc BESS, SMGP Kabankalan Power Co. Ltd. ("**SMGP Kabankalan**") for the Kabankalan BESS, SMGP BESS for the various BESS projects, MPGC for the Mariveles Greenfield Power Plant and SGLPC for the Solar Power Project were registered with investments promotion agencies such as the Board of Investments ("**BOI**") and AFAB and were granted certain tax exemptions and tax incentives, deductions from taxable income subject to certain capital requirements and duty-free importation of capital equipment, spare parts and accessories.

For the plants currently availing of these incentives, if these tax exemptions or tax incentives expire, are revoked, or are repealed, the income from these sources will be subject to the 25% regular corporate income tax of net taxable income or 2% minimum corporate income tax of the gross income, whichever is higher. As a result of a loss in any tax exemptions or tax incentives, the tax expense of SMGP would increase and its profitability would decrease. The expiration, non-renewal, revocation or repeal of these tax exemptions and tax incentives, and any associated impact on SMGP, could have a material adverse effect on the business, financial condition and results of operations of SMGP. Furthermore, there can be no assurance that any pending tax legislation or future changes in the tax regime, including changes in fiscal incentives, in the Philippines would not have a material and adverse effect on SMGP's business, financial condition and results of operations.

Interest rate risk

While SMGP intends, whenever appropriate, to enter into hedging transactions which may mitigate its interest rate exposure, any such hedging policy may not adequately cover its exposure to interest rate fluctuations and such fluctuations may result in a high interest expense and have an adverse effect on its business, financial condition and results of operations.

Regulatory risks

The business of SMGP is subject to extensive government regulation, particularly for its greenfield power plants and retail supply business. Moreover, as SMGP expands its BESS capabilities and projects, it will be subject to applicable regulations under ancillary services and energy storage systems. To conduct its businesses, SMGP and its subsidiaries must obtain various licenses, permits and approvals. Even when SMGP and its subsidiaries obtain the required licenses, permits and approvals, their operations are subject to continued review under the applicable regulations, and the interpretation or implementation of such regulations is subject to change. For example, in October 2020, the DOE Secretary announced that the periodic assessment of the country's energy requirements has led the DOE to declare a moratorium on endorsements for greenfield coal power plants and subsequently clarified that the moratorium would not apply to those greenfield power plants in the pipeline for which endorsements had already been previously issued (at that time, SMGP's planned Masinloc Power Plant Units 4 and 5 expansion project and the Mariveles Greenfield Power Plant have already obtained the relevant DOE endorsement). The DOE subsequently issued "Advisory on the Moratorium of Endorsements for Greenfield Coal-Fired Power Projects in Line with Improving the Sustainability of the Philippines' Electric Power Industry" on January 11, 2021, which was dated as of December 22, 2020, to implement the moratorium. Under this advisory, effective October 27, 2020, the DOE would no longer process applications for greenfield coal-fired power generation facility projects requesting for endorsements. However, existing and operational coal-fired power generation facilities as well as any coal-fired power project which comply with the following parameters will not be affected by the moratorium: (i) committed power projects; (ii) existing power plant complexes which already have firm expansion plans and existing land site provision; and (iii) indicative power project with substantial accomplishments, specifically those with signed and notarized acquisition of land or lease agreement for the project, and with approved permits or resolutions from the relevant local government units and the relevant regional development council where the power plant will be located.

The operations of SMGP's greenfield power plants are subject to a number of national and local laws and regulations, including safety, health and environmental laws and regulations. These laws and regulations impose controls on air

and water discharges, on the storage, handling, discharge and disposal of waste, location of facilities, employee exposure to hazardous substances, site clean-up, groundwater quality and availability, plant and wildlife protection, and other aspects of the operations of the business of SMGP and its subsidiaries. Failure to comply with relevant laws and regulations may result in monetary penalties or administrative or legal proceedings against SMGP or its subsidiaries, which may cause or result in the termination or suspension of the licenses or operation of their facilities.

SMGP and its subsidiaries have incurred, and expect to continue to incur, operating costs to comply with such laws and regulations. In addition, SMGP and its subsidiaries have made, and expect to continue to make, capital expenditures on an ongoing basis to comply with safety, health, and environmental laws and regulations. While SMGP believes that it has, at all relevant times, materially complied with all applicable laws, rules and regulations, there can be no assurance that SMGP and its subsidiaries will be able to remain in compliance with applicable laws and regulations or will not become involved in future litigation or other proceedings or be held liable in any future litigation or proceedings relating to safety, health, and environmental matters, the costs of which could be material. In addition, safety, health and environmental laws and regulations in the Philippines have become increasingly stringent. There can be no assurance that the adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental scrutiny of safety, health and environmental laws or other developments in the future will not result in SMGP and its subsidiaries from being subject to fines and penalties or having to incur additional capital expenditures or operating expenses to upgrade, supplement or relocate its facilities. Moreover, in the event that future laws are enacted imposing restrictions on operations and refinancing, particularly in relation to power plants utilizing fossil fuels, then certain capital expenditures or expenses may not be recovered.

For example, the implementing rules and regulations issued by the DOE on “Renewable Portfolio Standards” mandates electric power industry participants (such as generation companies, distribution utilities and electric cooperatives) to source or produce a fraction of their electricity requirements from eligible renewable energy resources and undertake CSP in sourcing renewable energy. While activities related to sourcing renewable energy are presently favored by certain public policies, these policies can be altered or reversed, which could reduce or slow demand for renewable energy sources and energy storage technologies, including BESS. The Philippines is also a party to the 2015 Paris Agreement, which aims to keep the increase in global average of temperature to well below 2°C above pre-industrial levels and to limit the increase to 1.5°C, since this would substantially reduce the risks and effects of climate change. As a party to the agreement, the Philippines may impose more stringent regulations, particularly on coal-fired power plant emissions, requiring expensive pollution controls on coal-fired power plants, among other measures. These measures may significantly increase costs of coal-fired power plants and, at the same time, increase the cost competitiveness of renewable energy. A significant portion of the captive market may shift away from coal and other hydrocarbon fuels, which may expose the coal-fired power plants of SMGP to stranded-asset risk (i.e., hazard of an asset suffering from an unanticipated write-down, devaluation, or conversion to liability).

SMGP has been compliant with and continues to perform its obligations under applicable laws and regulations relevant to its businesses.

If SMGP and its subsidiaries fail to materially comply with all applicable regulations or if the regulations governing its business or their implementation change, SMGP or its subsidiaries may incur increased costs or be subject to penalties, which could disrupt its operations and have a material adverse effect on its business and results of operations.

Climate change policies

SMGP is currently invested in certain coal-fired power plants in the Philippines. Policy and regulatory changes, technological developments and market and economic responses relating to climate change may affect SMGP’s business and the markets in which it operates. The enactment of an international agreement on climate change or other comprehensive legislation focusing on greenhouse gas emissions could have the effect of restricting the use of coal and available financing arrangements for coal-related projects. Other efforts to reduce greenhouse gas emissions and initiatives in various countries to use cleaner alternatives to coal such as natural gas may also affect the use of coal as an energy source.

In addition, technological developments may increase the competitiveness of alternative energy sources, such as renewable energy, which may decrease demand for coal-generated power. Other efforts to reduce emissions of greenhouse gases and initiatives in various countries to encourage the use of natural gas or renewable energy may also discourage the use of coal as an energy source. The physical effects of climate change, such as changes in rainfall, water shortages, rising sea levels, increased storm intensities and higher temperatures, may also disrupt SMGP’s operations. As a result of the above, SMGP’s business, financial condition, results of operations and prospects may be

materially and adversely affected.

ERC regulation of electricity rates of distribution utilities could have a material adverse effect on SMGP

The imposition of more stringent regulations and similar measures by the ERC could have a material adverse effect on the business, financial conditions and results of operations of SMGP.

Sales to distribution utilities account for the majority of the consolidated sales volume of SMGP for the year ended 2024 and six months ended June 30, 2025. While rates charged by SMGP through its subsidiaries under their offtake agreements, including those with distribution utilities, are not regulated by the ERC, the rates that distribution utility customers charge to their customers are subject to review and approval by the ERC. Accordingly, the ability of distribution utility customers to pay the subsidiaries of SMGP largely depends on their ability to pass on their power costs to their customers. There is also no assurance that the current laws, regulations, and issuances affecting the industry, particularly the EPIRA and the issuances of the ERC, will not change or be amended in the future.

There is no assurance that the ERC will permit the distribution utility customers of the subsidiaries of SMGP to pass on or increase their rates or that subsequent reviews by the ERC will not result in the cancellation of any such increases or require such distribution utility customers to refund payments previously received from their customers. In addition, there is no assurance that any rate increases approved by the ERC will not be overturned by Philippine courts on appeal. For example, SMGP and other generation companies are parties to a petition filed in the Supreme Court by special interest groups against Meralco in relation to the increase in generation rates for the billing months of November and December 2013. In particular, the ERC issued an order dated March 3, 2014, which voided the WESM prices for the November and December 2013 billing months, and imposed prices to be recalculated by the PEMC. However, the Court of Appeals, in its decision dated November 7, 2017, declared the ERC order dated March 3, 2014 null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months of November to December 2013. Upon finality, a claim for refund may be made with the PEMC.

In May 2019, the Supreme Court issued a ruling in respect of the following ERC resolutions:

- Resolution No. 13, Series of 2015, entitled “A Resolution Directing All Distribution Utilities to Conduct a Competitive Selection Process in the Procurement of their Supply to the Captive Market” (“**CSP Guidelines**”); and
- Resolution No. 1, Series of 2016, entitled “A Resolution Clarifying the Effectivity of ERC Resolution No. 13, Series of 2015” (“**ERC Clarificatory Resolution**”).

The CSP Guidelines and the ERC Clarificatory Resolution were issued by the ERC to implement the CSP, pursuant to the DOE’s Department Circular No. DC 2015-06-0008 mandating all distribution utilities to undergo CSP in securing power supply agreements.

In its decision, the Supreme Court, acting on a petition filed by certain entities, declared as void the first paragraph of Section 4 of the CSP Guidelines and the ERC Clarificatory Resolution. Consequently, all PSAs filed with the ERC on or after June 30, 2015 were directed to comply with the CSP in accordance with prevailing rules and regulations. The power purchase cost resulting from the CSP (the “**CSP Power Purchase Cost**”) would be the generation cost which the relevant distribution utility may pass on to its customers commencing on June 30, 2015. In a resolution dated July 23, 2019, the Supreme Court denied with finality all motions for reconsideration filed by various parties. In consideration of the foregoing, the PSA between Meralco and MPGC, and the PSA between Meralco and Central Luzon Premiere Power Corp. (“**CLPPC**”), were voluntarily terminated by mutual agreement of the relevant parties. SMGP regularly participates in CSPs to contract its capacity. In a CSP conducted by Meralco on January 5 and January 23, 2024, EERI, MPGC and SPPC emerged as the lowest bidders and for the supply of 2,700 MW out of the 3,000 MW power requirement of Meralco with 1,200 MW, 300 MW and 1,200 MW in offered capacities, respectively. The contracts are for a term of 15 years and have a full fuel pass-through scheme. To date, all PSAs have already commenced supply.

Further, as a result of the decision, the ERC released orders to the joint applicants of various PSA applications (the “**Joint PSA Applications**”) filed during the affected period requiring them to comply with the CSP requirements under the DOE CSP Policy and to submit the necessary DOE certifications attesting their compliance to the said circular (the “**2019 ERC Orders**”). The lack of the necessary DOE certifications could result in the dismissal of the relevant Joint PSA Applications.

In October 2019, SMGP, together with certain distribution utilities and electric cooperatives, filed motions for

reconsideration of the 2019 ERC Orders claiming that the DOE CSP Policy should not apply to such Joint PSA Applications primarily on the ground that these were entered into before the implementation of the DOE CSP Policy in 2018. As of the date of this Offering Circular, some of the motions for reconsideration filed by the subsidiaries of SMGP and its respective counterparty distribution utilities were decided against SMGP. As such, the relevant distribution utilities and/or the relevant generation companies of the Joint PSA Applications may be required to refund the difference between the generation cost actually passed on to customers and the applicable CSP Power Purchase Cost that could be passed on to customers, accruing from June 30, 2015 until the effectivity of the relevant CSP Power Purchase Cost under applicable regulations. The relevant subsidiaries of SMGP have filed their respective Petitions for Review with Prayer for the Urgent Issuance of a Temporary Restraining Order in response to the decisions not in favor of SMGP. These cases remain pending as of the date of this Offering Circular.

The ERC in the exercise of its regulatory powers may also impose fines, penalties, or sanctions on SMGP in appropriate cases. Any such fines, penalties, sanctions or restriction on the ability of distribution utilities and/or generation companies to pass on such costs or any intervention in such rates could have a material adverse effect on the business, financial conditions and results of operations of SMGP.

Trading on the WESM is affected by market volatility

While the subsidiaries of SMGP do not sell a significant amount of power through the WESM, volatile market conditions on the WESM, including temporary suspension of operations by the ERC under certain circumstances, may nevertheless pose risks to SMGP regardless of whether there is a shortage or a surplus of energy available. When the WESM experiences a shortage, there is little risk to suppliers in terms of their value-position being destroyed. However, such a suppliers' market exposes these suppliers to the risk that regulatory agencies may intervene (directly or indirectly) to dictate prices and dispatch of power plants. Consumer outrage, triggered by high prices, could precipitate attempts to suspend the WESM and return to subsidized rates regimes. Regardless of whether such a suspension ultimately comes to pass, market anticipation of such an occurrence could lead to value-destructive market distortions. On the other hand, a surplus market tends to cause spot market prices to reflect the marginal cost of producing power. One of the main features of the WESM is a merit-order dispatch scheme wherein the cheapest sources of power, such as power produced from geothermal and hydroelectric energy, are dispatched first, before the more expensive power providers. While a supplier can mitigate its exposure to surplus risks by contracting the bulk of its capacity to offtakers to protect against low spot prices, as the subsidiaries of SMGP have done, this also caps a supplier's ability to take advantage of price spikes caused by temporary market shortages.

As of June 30, 2025, the ERC has maintained a reduced primary bid cap of ₱32,000 per MWh. In addition, a permanent secondary price cap limits spot prices to ₱6,245 per MWh for as long as cumulative spot prices breach a certain threshold. Prices are automatically capped at ₱6,245 per MWh for hours where the average price for the last 72-hours exceeds ₱9,000 per MWh.

The occurrence of such events could have a material adverse effect on the business, financial condition and results of operations of SMGP.

Possible conflicts of interest

San Miguel Corporation, the sole shareholder of SMGP, controls the board of directors of SMGP and exerts significant influence over its policies, management and affairs. As a result, San Miguel Corporation is able to exercise significant control and influence over many of SMGP's corporate actions. The interests of San Miguel Corporation may differ from those of SMGP which may adversely affect the interests of the Securityholders. There can be no assurance that conflicts of interest between SMGP and San Miguel Corporation will be resolved in favor of the Issuer or the Securityholders.

Dependence on the support of San Miguel Corporation

SMGP relies upon San Miguel Corporation for certain shared services such as, but not limited to, human resources, corporate affairs, legal, finance and treasury functions. There is no guarantee that San Miguel Corporation will continue to provide these services or obtain its power requirements from SMGP in the future. Should San Miguel Corporation cease to provide these services, and if SMGP is unable to secure alternative sources of such services or enter into other power supply agreements, SMGP's business, financial condition and results of operations could be adversely affected.

Compliance with and renewal of licenses, permits and other authorizations

SMGP and its subsidiaries are required to maintain licenses, permits, and other authorizations for the operations of their respective businesses, including business permits and permits concerning, for example, health and safety, and environmental standards. These licenses, permits, and other authorizations contain various requirements that must be complied with to keep the same valid. If SMGP and its subsidiaries fail to meet the terms and conditions of any of their respective licenses, permits or other authorizations necessary for operations, their respective operations may be suspended or terminated.

While SMGP believes, to the best of its knowledge, that it has, at all relevant times, materially complied with all applicable laws, rules and regulations and has established a strong compliance culture to ensure that all requirements, permits, and approvals are obtained in a timely manner, there is no assurance that changes in laws, rules or regulations or the interpretation thereof by relevant government agencies, will not result in SMGP having to incur substantial additional costs or capital expenditures to upgrade or supplement its existing facilities, or being subject to fines and penalties. The measures implemented by SMGP and its subsidiaries to comply with laws and regulations may also be deemed insufficient by governmental authorities. If SMGP and/or its subsidiaries fail to comply, or are deemed to be non-compliant with any applicable laws or regulations, SMGP and/or its subsidiaries, as the case may be, may be subject to penalties, which could disrupt their operations and have a material adverse effect on their businesses and results of operations. Potential liabilities for such non-compliance with the legal requirements or violations of prescribed standards and limits under these laws include administrative, civil, and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, that could limit or affect its operations such as orders for the suspension and/or revocation of permits or licenses or suspension and/or closure of operations. There can be no assurance that SMGP and its subsidiaries will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings, the costs of which could be material. In the event that SMGP and its subsidiaries become involved in any future litigation or other proceedings or is subject to any adverse rulings or decisions, such events may materially and adversely affect the business, financial condition, and results of operations of SMGP and its subsidiaries.

There can be no assurance that SMGP and its subsidiaries will continue to be able to renew the necessary licenses, permits, and other authorizations as necessary or that such licenses, permits, and other authorizations will not be revoked. If SMGP and its subsidiaries are unable to obtain or renew them or are only able to do so on unfavorable terms, this could have an adverse effect on the business, financial condition, and results of operations of SMGP and its subsidiaries.

Legal and other proceedings arising out of its operations

SMGP and its subsidiaries, from time to time, may be involved in disputes with various parties involved in the generation, supply and sale of electric power, including contractual disputes with contractors, suppliers and government agencies including those matters discussed in “Business—Legal Proceedings.” For example, SPPC and PSALM have an ongoing dispute arising from differing interpretations of certain provisions related to generation payments under the Ilijan IPPA Agreement. As a result, the parties have arrived at different computations regarding the subject payments. Nevertheless, and in accordance with the Ilijan IPPA Agreement, PSALM’s turnover of the Ilijan Power Plant to SPPC was completed on June 4, 2022. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs and delays in the operations of SMGP. SMGP may also have disagreements with regulatory bodies in the ordinary course of its business, which may subject it to administrative proceedings and unfavorable decisions that will result in penalties and/or delay the development of its greenfield projects and its current operations. For example, in May 2022, SPI and SPPC filed separate Joint Motions for Price Adjustment with Meralco seeking approval from the ERC to temporarily increase the contract price under their respective PSCs with Meralco for a period of six months. After this request was denied by the ERC, SPI and SPPC filed separate petitions with the Court of Appeals which annulled and set aside the ERC Orders denying their request. The decision of the Court of Appeals was upheld by the Supreme Court in its Resolution dated April 3, 2024 and an entry of judgement has already been issued for this case. In such cases, the business, financial condition, results of operations and cash flows of SMGP could be materially and adversely affected.

RISKS RELATING TO THE INFRASTRUCTURE BUSINESS

Completion of infrastructure projects

SMC may not be able to fully realize the benefits of pursuing its diversification strategy through its Infrastructure business as the completion of Infrastructure projects is subject to various risks, uncertainties and limitations including:

- the need to procure materials, equipment and services at reasonable costs and in a timely manner;
- reliance on the performance of third-party providers and consultants which have an impact on the overall operating performance of the Infrastructure business; the possible need to raise additional financing to fund Infrastructure projects, which SMHC may be unable to obtain on satisfactory commercial terms or at all;
- deficiencies or delays in the design, engineering, construction, installation, inspection, commissioning, management or operation of projects, where applicable;
- penalties if concession requirements are not satisfied;
- the timely delivery by the Government of any rights of way for its projects;
- its ability to complete projects according to budgeted costs and schedules;
- market risks;
- environmental or weather disturbances and other force majeure events that can delay project construction and slow down daily operations;
- non-implementation of toll or fare adjustments provided under its concessions;
- regulatory risks; and/or
- delay in Government undertakings and/or denials of required approvals, including required concessional and environmental approvals.

Occurrence of the aforementioned events could result in delays, cost overruns, unsatisfactory construction or development or the total or partial loss of the interest of SMHC in the relevant project and have a material adverse effect on the business, financial condition, results of operation, and future growth prospects of SMHC.

SMHC continuously undertakes prudent review and due diligence in the construction of its projects. SMHC also has well-equipped technical people who monitor daily construction activities and the overall progress of the projects. Backed by strong shareholder support from SMC, a sustainable stream of cashflows, experienced management team and good relationship with government agencies and contractors, SMHC believes that it can withstand such events to see through the completion of such projects.

Enforceability of concession agreements

The continuity of operations of the Infrastructure business is highly dependent on the validity and enforceability of the applicable concession agreements which contain all the obligations and responsibility of the concessionaire and grantor over the relevant concession period.

There is no assurance that the Government will not push for the renegotiation of the terms of other concession agreements or similar agreements which it deems to be onerous, disadvantageous or inequitable. Any such compulsory renegotiation of signed agreements may create uncertainty or instability in the business environment in the Philippines which, in turn, could have a material impact on the Infrastructure's business, financial position, and results of operations.

The Infrastructure business has been compliant with and continues to perform its obligations under the applicable concession agreements which include (but not limited to) constructing, designing, and financing its various Infrastructure projects.

Inability to secure tariff increases

The commercial success of the Infrastructure business depends in part on its ability to implement tariff increases. While tariff increases are permitted contractually pursuant to pricing formulas set forth in the applicable concession agreements, these may be subject to the approval of relevant government and regulatory agencies. Any constraint on the ability to increase tariffs could have a material adverse effect on business, financial condition, and results of operations of the Infrastructure business.

SLEX, formerly South Luzon Tollway Corporation, has filed five (5) petitions for periodic toll rate adjustment with the TRB from 2012 to 2022. On June 21, 2023, TRB issued its Notice of Consolidated Resolution for the approval of the 2012 and 2014 periodic toll rate adjustment petitions, to be implemented on a staggered basis. SLEX still has three (3) pending petitions for periodic toll rate adjustments which were submitted on September 28, 2018, September 30, 2020 and September 30, 2022, respectively.

In addition, Star Infrastructure Development Corp. ("**SIDC**") has three (3) pending petitions for the Approval of Periodic

Toll Rate Adjustment: (i) the 2017 petition for the Periodic Toll Rate Adjustment of 2018 to 2020 which was submitted last October 2, 2017, (ii) the 2020 petition for the Periodic Toll Rate Adjustment of 2021 to 2023 that was submitted last September 30, 2020, and (iii) the 2023 petition for the Periodic Toll Rate Adjustment of 2024 to 2026 which was submitted last October 2, 2023.

The Infrastructure business continues to engage in comprehensive discussions and has good working relationships with the relevant government and regulatory agencies to obtain proper resolutions to the pending tariff increases. In addition, the administration under President Ferdinand R. Marcos Jr. has given focus and aims to increase Infrastructure spending to 5-6% of GDP and has provided great optimism to the Infrastructure sector. This is a positive indication that long delayed Public Private Partnership (“PPP”) Projects will be implemented, including the approvals of pending toll rate adjustments.

Decrease in utilization of projects

The commercial success of the Infrastructure business depends in part on the ability to maintain or increase utilization of its Infrastructure facilities. External events may decrease the number of vehicles, airplanes or passengers that utilize the Infrastructure facilities such as rising oil prices which may result in fewer passenger vehicle journeys and increase in cost of airfares. Any decrease in utilization or any factor that would decrease patronage could have a material adverse effect on the financial condition and results of operations of the Infrastructure business.

The Infrastructure business continually adopts efficiency improvement programs (such as implementation of the Radio Frequency ID system for its toll road systems) and regular improvements and maintenance of the facilities that would improve utilization while providing convenience to motorists.

Obtaining new concessions or projects

SMHC’s plans in relation to the Infrastructure business contemplate the continued acquisition of new concessions and projects, successful participation in bids for projects as well as exploring opportunities in other sectors. SMHC’s ability to expand its business and increase operating profits is dependent on many external factors and events that are outside its control, including changes in governmental laws and policies.

RISKS RELATING TO THE CEMENT BUSINESS

Cost to Produce, Environmental Considerations, and Unabated Entry of Imported Cement

High cost to produce

The cement manufacturing process involves the use of high-quality raw materials to ensure the production of superior quality of cement. Without sufficient internal source of raw materials, cement businesses would rely on external sources, mostly from other countries, which usually entails high sourcing costs given the volatility of the market.

The Cement businesses of SMC rely on their own mining permits to provide a source for primary raw materials. This enables the cement business to manage its cost to produce while ensuring the quality of its clinker and, ultimately, its cement products.

Another factor that affects the cost to produce of the cement business is the energy source. The cement manufacturing process, particularly, the use of kilns for pyro processing, is still heavily reliant on coal procured from external sources. The cement industry thus remains sensitive to the price changes in the coal market. Furthermore, the cement manufacturing process is an energy-intensive industry which likewise makes the cement dependent on the rising cost of energy.

Reduction of energy usage through improved process efficiency, or use of alternative fuels lessens the cost to produce and at the same time, emissions. This is made possible through the investment of cement businesses to modern, state-of-the-art equipment.

The facilities of the Cement businesses of SMC are newly constructed and constantly improved using sustainable, environment-friendly, world-class and state-of-the-art equipment from leading manufacturers and suppliers around the world.

Entry of new players and increasing cement importation

The cement industry in the Philippines is highly competitive given the number of multinational cement companies with an array of high brand equity product offerings. There are also new market entrants and increasing clinker and cement imports in the country potentially posing competition risk for the Cement business. Competition often involves aggressive pricing strategies to gain or protect market share.

In addition to domestic competition, the cement business may lose market share or experience a decline in revenue growth in the event it is unable to compete effectively against imports.

The cement business may face tighter competition due to un-curtailed cement importation by foreign players or independent traders at substantially lower prices. The entry of imported cement priced at a discount to market may result in a significant decrease of cement prices affecting the profitability of all domestic manufacturers. Countries with excess cement supply may potentially export cement products to the Philippines, including Vietnam, Indonesia, Thailand, and China. The Cement Manufacturers Association of the Philippines (“**CEMAP**”) said that total imports in 2024 increased by 8.6% year-on-year to 7.6MT.

Despite the foregoing risks on domestic competition and traded imports, the Cement business’ model and end-to-end production strategy provide effective cost management in every production process, allowing higher efficiency, profitability, and operating synergy to compete in the industry. Given its key strengths and track record to date, the cement business believes it can continue to compete strongly against new and existing players and cement importers in the industry.

As an efficient cement producer, aggressive competition is welcomed by the cement business as it allows them to place amongst the top market players. To support this, in a short space of time, the cement business has risen to become one (1) of the four (4) strong players in terms of market share despite the limited track record relative to its competitors who have already established a strong presence both locally and internationally for many years. Because of its strengths, the cement business is able to price its products competitively against other market players. The cement business will continue to capitalize and improve on these strengths to be a market mover in the cement industry.

Moreover, the cement business believes that the future growth of imported cement may be restricted due to limitations in port capacity and infrastructure in or near major areas of economic activity which constitute a significant demand for cement. In addition, the unloading of imported cement is not currently considered a first priority by port authorities.

The business, prospects, financial condition and results of operations of the cement business depend on the ability to compete effectively and maintain or increase market share. In the relatively consolidated cement industry, the cement business primarily competes based on product quality, market coverage, distribution network, product offerings, marketing strategy, brand equity and pricing.

Heavy Government regulation and environmental standards

Cement manufacturing plants are classified by the government as environmentally critical activities which results to its heavy regulations, where any violations could potentially cause the suspension or closure of operations of cement plants.

The businesses and operations of the cement business are subject to a number of health, safety, security and environment laws, rules and regulations governing the cement industry in the Philippines. These laws and regulations impose requirements relating to raw materials sourcing, cement manufacturing, and other aspects of the business of the cement business. In particular, the cement business is subject to extensive regulation by the Department of Environment and Natural Resources (“**DENR**”), Department of Energy (“**DOE**”), and local government units (“**LGU**”).

In particular, raw material sourcing and cement manufacturing are considered environmentally critical activities for which an Environmental Impact Study (“**EIS**”) and an Environmental Compliance Certificate (“**ECC**”) are mandatory. Environmental laws and regulations in the Philippines have become increasingly stringent and it is possible that these laws and regulations will become significantly more stringent in the future. The adoption of new laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require additional capital expenditures or the incurrence of additional operating expenses in order to comply with such laws and to maintain current operations as well as any costs related to fines and penalties.

While the cement business believes that it has, at all relevant times, materially complied with all applicable laws, rules and regulations and has all the applicable and material permits and licenses necessary to operate its businesses as currently conducted, there is no assurance that changes in laws, rules or regulations or the interpretation thereof of relevant government agencies, may not adversely impact the business operations, financial condition and results of operations of the cement business. Failure to comply with relevant laws and regulations may result in financial penalties or administrative or legal proceedings against the cement business, including the revocation or suspension of the licenses or operation of its facilities, all of which could adversely impact the business, prospects, financial condition, and results of operation of the cement business.

The cement business owns Mineral Production Sharing Agreements (“**MPSAs**”) which provide access to substantial limestone reserves. Given the reliance of the cement business on such mineral deposits to produce cement, the cement business is hence exposed to possible unfavorable findings of the DENR and may run the risk of being subject to penalties or worse, the revocation of any or all of its MPSAs. The cement business benefits from its own limestone reserves which the MPSAs provide and as such, is able to price competitively relative to other cement manufacturers. Should the MPSAs of the cement business be revoked, the cement business may resort to importation of clinker which is subject to price volatilities, thereby potentially reducing its margins.

To mitigate the regulatory risks, the cement business is in constant consultation with relevant government agencies and other approving bodies to ensure that all requirements, permits and approvals are anticipated and obtained in a timely manner. Further, the cement business maintains a strong compliance culture and has processes in place in order to manage adherence to laws and regulations.

The conditions under MPSA and relevant environmental laws and regulations require cement businesses to implement its approved work programs. The cement business demonstrates its commitment to adhere with these provisions by setting aside funds to implement the Environmental Protection and Enhancement Program, and by employing best practices in environmental management and mining methods to reduce the impact of mining in the environment such as maximizing the contract areas and improving the best use of mineral commodities through technological efficiency. The cement business also has a dedicated compliance team which monitors changes in environmental laws and ensures that all plants and mining sites are in compliance with relevant environmental regulations. For example, the renewal of the MPSA of NCC for another 25 years is a testament to an excellent culture of compliance exhibited by the cement business.

Prolonged or major disruption of operations in any of the cement business’s main manufacturing plants

The cement business owns and operates two (2) fully-integrated cement production facilities in Sison, Province of Pangasinan (NCC) and in Barangay Akle, San Ildefonso, Province of Bulacan (Eagle Cement), a cement grinding plant Santa Cruz, Province of Davao Del Sur (SCII), a limestone, shale and pozzolan quarry and a Limestone Pulverizing Plant in San Ildefonso, Bulacan (Eagle Cement), and a grinding and packaging facility in Limay, Bataan (Eagle Cement). As a whole, the cement business has a total annual rated cement production capacity of approximately 17.53 million MTPY of finished cement.

The plants of the Cement business, are subject to risks present in manufacturing plants such as equipment breakdowns, labor-related disruptions, natural calamities, ordinances or directives from Government agencies and power interruptions. The cement business plants are exposed to periodic repair, maintenance or servicing, plant breakdowns, industrial accidents, government action, equipment failure, human error, any sustained disruptions in the supply of raw materials and utilities such as water or electricity, natural calamities or communal unrest or acts of terrorism which may affect the normal operations of the cement business. Any prolonged major disruption caused by any of the above will cause damage to cement plants or inventories and as such may impact negatively on the financial condition and business operations of the cement business.

In any given year, the production lines of the business’ cement plants are typically shut down for a period of 30 days in aggregate for major maintenance and repair and an additional 20 days in aggregate for minor maintenance works. The business’ grinding plants also has shutdown period for maintenance and repairs. The shutdowns of the production lines are scheduled in intervals to ensure that the plant remains operational and in good condition. This operational flexibility is improved by the recent completion of integrated Line A and Ok-mill B of Pangasinan Plant of NCC, and Line 3 of Bulacan Plant of Eagle Cement. Furthermore, the cement business has also procured the necessary insurances in line with industry practice which help mitigate certain risks such as business disruptions, natural calamities and third-party liabilities.

Growth slowdown in certain key industries in the Philippines

Historically, the performance of the cement industry is primarily driven by the growth in the construction, real estate, and infrastructure industries. Growth in these key industries may be affected by certain factors including market trend, overall economic growth and government policy.

The cement business primarily serves the construction industry and by extension the infrastructure and real estate sectors. Despite the strong consumption of cement shown by the cement industry in recent years, it may still be affected should there be a national economic downturn leading to the delay of construction projects and real estate developments. A change in government policy and lowered budget spending on infrastructure may also lead to lower sales growth expectations.

There is no assurance that the construction industry and real estate and infrastructure sectors will continue to experience significant growth in the future. Any unforeseen decline in cement demand from these industries may adversely affect the business, prospects, financial condition and results of operation of the cement business.

The cement business has been optimizing its synergy within the SMC Group capitalizing on its strength being the only Filipino-owned cement companies who understand and is responsive to the Philippine Setting with abundant mineral reserves that are more than sufficient to support both the current operations and the expansion plans of its business. It has also been maximizing its material sourcing, operational improvements, to be the lowest cost-producer of cement in the country. We integrate raw material sourcing with modern manufacturing and technology which results in one of the most efficient and high-quality cement manufacturing operators. The Cement business' end-to-end production strategy allows us to achieve healthy margins against our peers.

SMC believes its cement business can leverage on the opportunities within the SMC Group to promote growth and strengthening its distribution reach specifically in Luzon. The cement business also maintains its strong presence in key areas with the highest economic activities in the Philippines.

RISKS RELATING TO THE PHILIPPINES

Concentration of SMC's operations and assets in the Philippines

Historically, the financial condition and results of operations of SMC have been influenced to a significant degree by the general state of the Philippine economy and the overall levels of business activity in the Philippines, and the Company expects that this will continue to be the case in the future. The Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine Peso, and the imposition of exchange controls. The Company cannot assure prospective investors that one (1) or more of these factors will not negatively impact the purchasing power of the Philippine consumers. Demand for many of the products of SMC is tied closely to domestic consumer purchasing power and disposable income levels. In addition, as the businesses expand their product and brand portfolios in higher-priced Premium market segments in their respective industries, their businesses and prospects will be increasingly affected by any deterioration in consumer purchasing power. Any decrease in consumer purchasing power and disposable income levels could have a material adverse effect on the business, operations, and financial condition of SMC.

The Philippines posted a promising full-year GDP growth in 2024, which averaged at 5.7%. This is relatively better compared to the previous year's expansion which averaged 5.5%. Although at a slower pace, 4Q2024 growth of 5.3% marked the 15th consecutive quarterly expansion since the country's initial recovery from the pandemic. Although Philippines' 4Q2024 GDP growth was higher compared to Malaysia (4.9%) and Thailand (3.3%), it was just at par with its ASEAN-5 neighbors' average GDP growth of 5.2% as global demand uncertainties affected the country more. For 2025, Philippine GDP expanded to 5.5% in the April to June period, which was faster than the 5.4% growth in the first quarter.

While the Philippines is still seen to post economic growth this year as its macroeconomic fundamentals are anticipated to be robust such as domestic demand, moderate inflation, accommodative monetary policy stance, and sustained OFW remittance inflows. However, this is seen at a slower pace as outlook on growth expansion is seen to be tempered by weak global demand. The World Bank (as of June 2025 through their report, East Asia and Pacific Economic Update), as well as reports from the International Monetary Fund and the Asian Development Bank, expects the Philippine economy to grow between 5.3% to 6.0% by this year, and between 5.4% to 6.1% in 2026. This is below the Department of Budget and Coordination Committee's (DBCC) 2025 GDP target at 5.5% to 6.5%.

In 2024, domestic inflation has slowed down with full-year average inflation ending at 3.2%, significantly lower compared to 6.0% the prior year. For 2025, the Bangko Sentral ng Pilipinas (BSP) has already cut its monetary policy twice by 25bps, bringing interest rates today at 5.25%. This is on the back of the rising uncertainty from the looming deceleration in global economic activity due to ongoing geopolitical tension in the Middle East, and as outlook on inflation has moderated. However, the BSP Monetary Board has vowed to closely monitor and assess any material external factor that may arise. Between April 2025 and June 2025, inflation averaged at around 1.3%, the lowest since 2019. While inflation rose at their slowest pace in nearly six years in July at 0.9%, with the average inflation from January to July 2025 dropping to 1.7%, there is no assurance that such trend will continue.

Any future deterioration in economic conditions in the Philippines could materially and adversely affect the Company's financial position and results of operations, including the Company's ability to grow its energy portfolio, and its ability to implement the Company's business strategy. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition or results of operations.

Factors that may adversely affect the Philippine economy include: decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally; scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, the Southeast Asian region or globally; exchange rate fluctuations and foreign exchange controls; rising inflation or increases in interest rates; levels of employment, consumer confidence and income; changes in the Government's fiscal and regulatory policies; Government budget deficits; adverse trends in the current accounts and balance of payments of the Philippine economy; public health epidemics or outbreaks of diseases, such as re-emergence of Middle East respiratory syndrome-corona virus, severe acute respiratory syndrome, avian influenza (commonly known as bird flu) or H1N1, and the recent novel Coronavirus (COVID-19), or the emergence of another similar disease (such as Zika) in the Philippines or in other countries in Southeast Asia; natural disasters, including but not limited to tsunamis, typhoons, volcanic eruptions, earthquakes, fires, floods and similar events; political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and other regulatory, social, political or economic developments in or affecting the Philippines.

SMC is one of the largest and most diversified conglomerates in the Philippines by revenue and total assets. Nonetheless, any downturn in the Philippine economy may have a negative impact on consumer sentiment and general business conditions in the Philippines, which may materially reduce the revenues, profitability and cash flows of the Company. Moreover, there is no assurance that current or future government policies would continue to be conducive to sustaining economic growth.

Political instability in the Philippines

The Philippines has, from time to time, experienced political and military instability, including acts of political violence. In the last decade, there has been political instability in the Philippines, including extra-judicial killings, alleged electoral fraud, impeachment proceedings against two (2) former presidents, two (2) chief justices of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by previous administrations. On February 5, 2025, the House of Representatives of the Philippines approved the articles of impeachment of the vice-president of the Philippines and forwarded the same to the Senate. Following the transmittal of the articles of impeachment to the Senate of the Philippines, the impeachment trial for the vice-president of the Philippines is expected to commence in accordance with applicable laws and regulations. On June 10, 2025, the Senate of the Philippines moved to remand the articles of impeachment to the House of Representatives of the Philippines. On June 11, 2025, the House of Representatives of the Philippines adopted House Resolution No. 2346 to certify that the impeachment proceedings initiated by it adhered to the Philippine Constitution. Additionally, the House of Representatives of the Philippines deferred accepting the articles of impeachment pending further clarification from the Senate of the Philippines about its decision to remand the same.

On June 25, 2025, the Philippine Senate Impeachment Court announced its decision to further delay the start of impeachment trial until the House of Representatives of the Philippines prosecution panel has a new composition mandated by the 20th Congress. On July 25, 2025, the Supreme Court of the Philippines, acting on petitions challenging the impeachment of the vice-president, declared the articles of impeachment against the vice-president unconstitutional as the impeachment is barred by the one year rule under the Philippine Constitution and for being in violation of the right to due process of the vice-president under the Bill of Rights. The decision of the Supreme Court of the Philippines has yet to become final, and thus, may still be challenged through the appropriate motions.

In July 2025, the President during his State of the Nation Address and news reports divulged the alleged misappropriation of hundreds of billions worth of government funds allocated for nationwide flood control projects, spanning decades of misuse over multiple administrations. Various public officials and government contractors who bagged ₱100 billion worth of flood control projects since 2022 were also named. The Senate and House of Representatives commenced their respective investigations where additional public officials, including a number of senators and congressmen were identified during these hearings. In September 2025, the Independent Commission for Infrastructure (“ICI”) was constituted with a mandate to investigate the irregularities in infrastructure projects of government and ensure accountability in the use of public funds. Further, individuals identified to be connected with the alleged ghost flood control projects have been placed under lookout order.

The news about the mismanagement and corruption of flood control funds resulted in widespread protests held in various parts of the Philippines. There have also been news reports about attempts to destabilize the current government including by attempts of certain retired military officers to instigate the Armed Forces of the Philippines (“AFP”) to withdraw its support from government. The investigations and protest rallies may create political instability in the Philippines that may have an adverse effect on the Philippine market and the share price of the Offer Shares.

In addition, a number of officials of the Philippine government are currently under investigation or have been indicted on corruption charges stemming from allegations of misuse of public funds, extortion, bribery, or usurpation of authority. There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy.

No assurance can be given that the future political or social environment in the Philippines will be stable or that current and future governments will adopt economic policies conducive for sustaining economic growth. An unstable political or social environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the business, operations, and financial condition of SMC.

A major deviation from the policies of the immediate past administration or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any potential instability could have an adverse effect on the Philippine economy, which may impact the Company’s businesses prospects, financial condition, and results of operations.

Acts of terrorism, clashes with separatist groups and violent crimes

The Philippines has also been subject to a number of terrorist attacks and the Armed Forces of the Philippines has been in conflict with groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines. In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country. For example, in May 2017, the city of Marawi in Lanao del Sur, Mindanao, was assaulted by the Maute Group, terrorists which were inspired by pledged allegiance to the Islamic State of Iraq and Syria (“ISIS”). Due to the clash between the Government forces and the terrorists and the risk of the armed conflict spilling over to other parts of Mindanao, martial law was declared in the entire island of Mindanao, Philippines. In October 2017, the city was declared liberated from the terrorists. Despite this, the Philippine Congress extended the imposition of martial law in Mindanao until the end of 2019, citing persistent threats of terrorism and rebellion and to ensure the total eradication of ISIS-inspired terrorists in the country. The martial law in Mindanao was lifted on January 1, 2020, while the state of national emergency was lifted on July 25, 2023. An increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines, and adversely affect the country’s economy. These armed conflict and terror attacks could lead to further injuries or deaths by civilians and members of the military, which could destabilize parts of the country and adversely affect the country’s economy.

Territorial disputes

Competing and overlapping territorial claims by the Philippines, China and several Southeast Asian nations (such as Vietnam, Brunei and Malaysia) over certain islands and features in the West Philippine Sea (the South China Sea has been a source of tension and conflicts for decades). China claims historic rights to nearly all of the West Philippine Sea based on its so-called “nine (9)-dash line” and in recent years dramatically expanded its military presence in the sea which has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at the Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea (“UNCLOS”).

In July 2016, the tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the “nine (9)-dash line” claim of China is invalid.

Tension in the West Philippine Sea has been triggered by the continued presence of Chinese vessels in the Philippines’ exclusive economic zone. The Philippines has filed and continues to file diplomatic protests against China and has called on China to recall its ships in Philippine waters. The Armed Forces of the Philippines has also deployed additional naval vessels to protect the territories of the Philippines. In the first half of 2024, tensions in the West Philippine Sea further escalated as several violent incidents transpired. On March 23, 2024, two Chinese Coast Guard ships assaulted a Philippine Navy supply vessel with water cannons. The incident resulted in the injuries of the Filipino crew members aboard the supply boat. On June 17, 2024, an encounter between the China Coast Guard and the Philippine Navy once again occurred on a resupply mission for the BRP Sierra Madre, which is grounded in Ayungin Shoal. Personnel of the China Coast Guard rammed and boarded vessels of the Philippine Navy, which resulted in massive damage to the navy boats and injuries to Philippine Navy personnel. In the past months, beginning April 2024, there has been a standoff between the Philippines and China over the Escoda Shoal (also known as Sabina Shoal). Escoda Shoal serves as the rendezvous point for Filipino vessels carrying out resupply missions to the naval outpost in Ayungin Shoal, where the naval outpost BRP Sierra Madre, which is a main flashpoint of tensions between the Philippines and China, has been aground since 1999.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has taken steps to exercise control over the disputed territory. In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

Any deterioration in the Philippine economy as a result of these or other factors, including a significant depreciation of the Philippine Peso or increase in interest rate, may adversely affect consumer sentiment and lead to a reduction in consumer spending generally. This, in turn, could materially and adversely affect SMC’s financial condition and results of operations, and its ability to implement its business strategy and expansion plans.

Natural catastrophes

SMC’s business and operations could be severely disrupted by many factors, including accidents, breakdown or failure of equipment, interruption in power supply, human error, natural disasters, public epidemics, outbreak of diseases, and other unforeseen circumstances and problems. The Philippines has experienced a number of major natural catastrophes over the past years, including typhoons, such as super typhoon Rolly in late October 2020, super typhoon Betty in late May 2023, volcanic eruptions such as the Taal Volcano eruption in January 2020, earthquakes such as the 7.0-magnitude earthquake in Tayum, Abra in July 2022, tsunamis, mudslides, fires, droughts and floods related to El Niño and La Niña weather events. In July 2025, the Philippines was struck by tropical cyclones Crising, Dante, and Emong, causing an estimated ₱5.0 billion in infrastructure damage, according to the National Disaster Risk Reduction and Management Council of the Philippines. Natural catastrophes may materially disrupt and adversely affect the business, operations, and financial condition of SMC. There is no assurance that the insurance coverage SMC maintains for these risks will adequately compensate it for all damages and economic losses resulting from natural catastrophes.

Downgrade of Philippine credit rating

International credit rating agencies issue credit ratings for companies with reference to the country in which they are resident. As a result, the sovereign credit ratings of the Philippines directly affect companies that are residents in the Philippines, such as SMC. Historically the Philippines’ sovereign debt has been rated relatively low by international credit rating agencies. Since December 31, 2019, the Philippines’ long-term foreign-currency denominated debt was rated Baa2 by Moody’s, BBB+ S&P Global Ratings, and BBB by Fitch (no update on this as of the date of this Offer Supplement). As of November 2023, Fitch Ratings affirmed its stable outlook and long-term foreign currency issuer default rating at ‘BBB’. Likewise the Japan Credit Rating Agency’ report last March 6, 2024 affirmed the stable outlook with an investment-grade credit rating at ‘A-’. The ratings mainly reflect the country’s high and sustained economic growth supported by solid domestic demand, a low level external debt, its resilience to external shocks supported by accumulated foreign exchange reserves, and its solid fiscal base. However, no assurance can be given that Fitch, Moody’s, S&P Global Ratings or any other international credit rating agency, will not downgrade the credit ratings of the Government in the future and, therefore, of Philippine companies, including the Company. Any such downgrade could have a material adverse effect on liquidity in the Philippine financial markets and the ability of the Philippine government and Philippine companies, including SMC, to raise additional financing, and will increase borrowing and other costs.

Corporate governance, disclosure and financial reporting standards

There may be less publicly available information about Philippine public companies, including SMC, than is regularly made available by public companies in other countries. In addition, although the Company complies with the requirements of the Philippine SEC with respect to corporate governance standards, these standards may differ from those applicable in other jurisdictions. The Philippine SEC considers as best practice for public companies such as SMC, to have at least three (3) independent directors, or such number as to constitute one-third (1/3) of the board, whichever is higher. While SMC has adopted the recommended best practices of the Philippine SEC and is compliant with Philippine laws, rules and regulations, a greater number of independent directors may be required in other jurisdictions.

Foreign exchange controls

Generally, the Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. However, the Monetary Board of the BSP, with the approval of the President of the Philippines, during a foreign exchange crisis or in times of national emergency, has the statutory authority to: (i) suspend temporarily or restrict sales of foreign exchange; (ii) require licensing of foreign exchange transactions; or (iii) require the delivery of foreign exchange to the BSP or its designee banks for the issuance and guarantee of foreign currency-denominated borrowings. The Philippine government has, in the past, instituted restrictions on the conversion of Pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency obligations.

SMC purchases certain critical key inputs from abroad and requires foreign currency to make these purchases. There is no assurance that the Philippine government will not impose economic restrictions or regulatory controls that may restrict free access to foreign currency. Any such restrictions could severely curtail the ability of SMC to pay for certain key inputs or to meet its foreign currency payment obligations, which could materially and adversely affect its financial condition and results of operations.

RISKS RELATED TO THE OFFER SHARES

The Offer Shares may not be a suitable investment for all investors

Each potential investor in the Offer Shares must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Offer Shares, the merits and risks of investing in the Offer Shares and the information contained in this Offer Supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Shares and the impact the Offer Shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Shares, including where the currency for principal or dividend payments is different from the currency of the potential investor;
- understand thoroughly the terms of the Offer Shares and be familiar with the behavior of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate and other factors that may affect its investment and its ability to bear the applicable risks.

Redemption at the option of the Issuer

The Offer Shares are perpetual and have no fixed final maturity date. Holders have no right to require the Company to redeem the Offer Shares at any time and they can only be disposed of by sale in the secondary market. Holders who wish to sell their Offer Shares may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Offer Shares. Therefore, holders of the Offer Shares should be aware that they may be required to bear the financial risks of an investment in the Offer Shares for an indefinite period of time.

The sale of the Offer Shares or any rights thereto prior to the listing of the Offer Shares cannot be made through the PSE. The Company has filed an application for the listing of the Offer Shares on the PSE.

Prior to the listing of the Offer Shares to the PSE, the sale of subscription rights to the Offer Shares may be treated as sale of shares and subject to documentary stamp tax, capital gains tax (on any gain derived from the sale thereof) or donor's tax (in case of donation or sale of the subscription rights to the Offer Shares for a price below the fair market value of the subscription rights).

Volatility of market price of the Offer Shares

The market price of the Offer Shares could be affected by various factors, including:

- general market, political and economic conditions;
- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed stocks, in general, and stocks of other conglomerates;
- changes to government policy, legislation or regulations, and
- general operational and business risks.

In addition, many of the risks described within this section could materially and adversely affect the market price of the Offer Shares.

In part as a result of the global economic downturn, the global equity markets have experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these may adversely affect the market price of the Offer Shares.

Additional Taxes

The sale, exchange or disposition of the Offer Shares after the Offer Period, if made outside the facilities of the PSE is subject to capital gains tax and documentary stamp tax, and if made through the facilities of the PSE (except for a dealer in securities) is subject to stock transaction tax. Changes in laws, rules and regulations may result in additional taxes on the acquisition, disposition, or transfer of the Offer Shares. For a discussion on the taxes currently imposed by the BIR, please refer to the section on "*Taxation*" on page [361] of this Offer Supplement.

Deferral of dividend payment

Dividends on the Offer Shares may not be paid or may be paid in less than full dividends, under the terms and conditions governing the Offer Shares. Holders of the Offer Shares may not receive dividends on a Dividend Payment Date or for any period during which the Company does not have sufficient retained earnings out of which to pay dividends.

Subordination to other indebtedness of the Company

The obligations of SMC under the Offer Shares are unsecured and are subordinated obligations to all of the indebtedness of the Company. The rights and claims of holders of the Offer Shares will (subject to the extent permitted by law) rank senior to the holders of the common shares of the Company and *pari passu* with the other preferred shares.

In the event of the winding-up of the Company, the Offer Shares rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company, which rank or are expressed to rank senior to the Offer Shares. The Offer Shares, however, rank *pari passu* with the other subseries of the Series 2 Preferred Shares. There is a substantial risk that an investor in the Offer Shares will not receive any return of the principal amount or any unpaid amounts due under the terms of the Offer unless SMC can satisfy in full all of its other obligations ranking senior to the Offer Shares.

There are no terms in the Offer Shares that limit the ability of SMC to incur additional indebtedness, including indebtedness that ranks senior to or *pari passu* with the Offer Shares.

Insufficient distributions upon liquidation

Upon any voluntary or involuntary dissolution, liquidation or winding up of SMC, holders of Offer Shares will be entitled only to the available assets of the Company remaining after the indebtedness of SMC is satisfied. If any such assets are insufficient to pay the amounts due on the Offer Shares, then the holders of the Offer Shares shall share ratably in any such distribution of assets in proportion to the full distributions to which they would otherwise be respectively entitled.

Subordination of payments to the Holders of the Offer Shares

SMC has and will continue to have a certain amount of outstanding indebtedness. The current terms of the financing agreements of SMC contain provisions that could limit the ability of the Company to make payments to the holders of the Offer Shares. Also, SMC may in the future, directly or indirectly through its subsidiaries, enter into other financing agreements which may restrict or prohibit the ability of the Company to make payments on the Offer Shares. There can be no assurance that existing or future financing arrangements will not adversely affect the ability of SMC to make payments on the Offer Shares.

Liquidity of the securities market

The Philippine securities markets are substantially less liquid and more volatile than major securities markets in other jurisdictions, and are not as highly regulated or supervised as some of these other markets. The Company cannot guarantee that the market for the Offer Shares will always be active or liquid upon their listing on the PSE.

In addition, the Company and the Underwriters are not obligated to create a trading market for the Offer Shares and any such market making will be subject to the limits imposed by applicable law, and may be interrupted or discontinued at any time without notice. Accordingly, the Company cannot predict whether an active or liquid trading market for the Offer Shares will develop or, if such a market develops, if it can be sustained. Consequently, a shareholder may be required to hold his Offer Shares for an indefinite period of time or sell them for an amount less than the Offer Price.

Effect of non-payment of dividends

If dividends on the Offer Shares are not paid in full, or at all, the Offer Shares may trade at a lower price than they might otherwise have traded if dividends had been paid. The sale of Offer Shares during such a period by a holder of Offer Shares may result in such holder receiving lower returns on the investment than a holder who continues to hold the Offer Shares until dividend payments resume. In addition, because of the dividend limitations, the market price for the Offer Shares may be more volatile than that of other securities that do not have these limitations.

Inability to reinvest at a similar return on investment upon redemption

On the Optional Redemption Date, as applicable and as may be defined in the relevant Offer Supplement, or at any time redemption occurs, SMC may redeem the Offer Shares at the Redemption Price, as described in “*Description of the Offer Shares*”. At the time of redemption, dividend interest rates may be lower than at the time of the issuance of the Offer Shares and, consequently, the holders of the Offer Shares may not be able to reinvest the proceeds at a comparable dividend interest rate or purchase securities otherwise comparable to the Offer Shares.

Limited voting rights

Holders of the Offer Shares will not be entitled to elect the Board of Directors of the Company. Except as specifically set forth in the Amended Articles of Incorporation of the Company and as provided by Philippine law, holders of the Offer Shares will have no voting rights (see “*Description of the Offer Shares*” of the Offer Supplement).

USE OF PROCEEDS

The gross proceeds from the Base Offer shall be ₱19,999,995,000.00 or, should the Joint Issue Managers, and the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, exercise in full the Oversubscription Option, the total gross proceeds of the offer shall be ₱30,000,000,000.00, consisting of ₱19,999,995,000.00 from the Base Offer and ₱10,000,005,000.00 from the Oversubscription Option. The net proceeds from the Base Offer, after deducting from the gross proceeds the total issue management, underwriting and selling fees, listing fees, taxes and other related fees and out-of-pocket expenses, is estimated to be ₱19,846,336,702.25. The net proceeds from the Oversubscription Option should the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, exercise in full its Oversubscription Option, after deducting from the gross proceeds, selling fees, and taxes is estimated to be ₱9,940,004,970.00. Accordingly, the total net proceeds of the Offer, assuming full exercise of the Oversubscription Option, is estimated to be ₱29,786,341,672.25.

Estimated fees, commissions and expenses are as follows:

Particulars	Amount
Underwriting and selling fees for the Series 2-S, Series 2-T, and Series 2-U Preferred Shares being sold by the Company	₱109,999,972.50
Taxes to be paid by the Company	₱9,999,997.50
Philippine SEC filing and legal research fee	₱8,143,125.00
PSE filing fee (net of VAT)	₱14,000,002.50
PSE VAT	₱1,400,000.25
Legal fees*	₱2,520,000.00
Other professional fees	₱3,595,200.00
Estimated other expenses for publication, marketing, and out of pocket expenses of the underwriters and professional advisors, excluding the legal fees of the underwriters' counsel	₱4,000,000.00
TOTAL	₱153,658,297.75

**Excludes the legal fees of the underwriters' counsel*

Assuming the Oversubscription Option is fully exercised, the additional incremental estimated fees, commissions and expenses are as follows:

Particulars	Amount
Selling fees for the Series 2-S, Series 2-T, and Series 2-U Preferred Shares being sold by the Company	₱55,000,027.50
Taxes to be paid by the Company	₱5,000,002.50
TOTAL	₱60,000,030.00

The use of proceeds for this Offer will be for the refinancing of existing short-term loans which were used to redeem the Series 2-F Preferred Shares, to partially redeem the Series 2-J Preferred Shares and the Series 2-K Preferred Shares, and/or to make additional investments in the infrastructure business, including the Manila International Airport and other airport related projects in Bulakan, Bulacan, and the tollways projects.

Refinancing of Short-Term Loans for Redemption of 223,333,500 Series 2-F Preferred Shares

A portion of the net proceeds from the Offer will be used to repay the following Philippine Peso-denominated short-term loan facilities of the Company:

Lender	Amount (in Php)	Date Incurred	Maturity Date
BDO Unibank, Inc.	4,250,000,000.00	September 1, 2025	October 24, 2025
BDO Unibank, Inc.	3,200,000,000.00	September 9, 2025	October 24, 2025

BDO Unibank, Inc.	2,300,000,000.00	September 3, 2025	October 24, 2025
BDO Unibank, Inc.	2,800,000,000.00	September 10, 2025	October 24, 2025
BDO Unibank, Inc.	1,500,000,000.00	September 2, 2025	October 24, 2025
BDO Unibank, Inc.	1,500,000,000.00	September 9, 2025	October 24, 2025
BDO Unibank, Inc.	920,000,000.00	September 1, 2025	October 24, 2025
Land Bank of the Philippines	280,000,000.00	September 19, 2025	October 24, 2025
Total	<u>₱16,750,000,000.00</u>		

The interest rates of the short-term loans are within the range of 5.10% p.a. to 5.35% p.a.

Up to ₱16,750,000,000.00 from the net proceeds of the Offer will be used for the refinancing of the aforementioned short term loans which were used to redeem the Company's 223,333,500 Series 2-F Preferred Shares which were issued on September 21, 2015, with a total outstanding amount of ₱16,750,000,000.00. On August 7, 2025, the Board of Directors of the Company approved the redemption of Series 2-F Preferred Shares on September 22, 2025. On September 22, 2025, the Series 2-F Preferred Shares were redeemed by the Company.

Partial Redemption of Series 2-J Preferred Shares and Series 2-K Preferred Shares

The Company will use ₱[] billion from the net proceeds of the Offer to fund the partial redemption of the Series 2-J and Series 2-K Preferred Shares.

On October 29, 2020, the Corporation issued 266,666,667 Series 2-J Preferred Shares with a dividend rate of 4.75% p.a. and on December 10, 2020, issued 183,904,900 Series 2-K Preferred Shares with a dividend rate of 4.50%. Under the terms of the Series 2-J Preferred Shares and Series 2-K Preferred Shares, unless the shares are redeemed on the fifth (5th) anniversary of their respective issue dates, the dividend rates for the shares will be subject to a step-up commencing on October 29, 2025 for the Series 2-J Preferred Shares and December 10, 2025 for the Series 2-K Preferred Shares.

On August 7, 2025, the Board of Directors of the Company approved the conduct of an exchange offer, through a voluntary tender offer, to exchange Series 2-J Preferred Shares and Series 2-K Preferred Shares for Series 2 Preferred Shares to be re-issued from the treasury Series 2 Preferred Shares of the Company.

On August 15, 2025, SMC issued a notice to all shareholders of the Series 2-J Preferred Shares and Series 2-K Preferred Shares to inform them of its intention to undertake a voluntary tender offer to exchange Series 2-J Preferred Shares and Series 2-K Preferred Shares in exchange for Series 2 Preferred Shares. Any remaining Series 2-J Preferred Shares and Series 2-K Preferred Shares which have not been exchanged shall be redeemed on October 29, 2025 and December 10, 2025, respectively.

On October 10, 2025, an aggregate amount of [] Exchange Shares, consisting of [] Series 2-J Preferred Shares and [] Series 2-K Preferred Shares were tendered to the Company for exchange to [] Series 2-P, [] Series 2-Q, and [] Series 2-R Preferred Shares. Accordingly, the remaining [] Series 2-J Preferred Shares and [] Series 2-K Preferred Shares shall be redeemed by the Company on October 29, 2025 and December 10, 2025, respectively.

Other than the dividend rate of 4.75% for Series 2-J Preferred Shares and 4.50% for Series 2-K Preferred Shares, the features of the Series 2-J and 2-K Preferred Shares generally follow the features of the Series 2 Preferred Shares of the Company (See subheader "Differences in the features of the Common Shares and the Series 2 Preferred Shares" under the Section "Description of the Offer Shares" on page [55] of this Offer Supplement). The amount of unpaid cumulative dividends for the period of 21 September 2025 to 10 December 2025 for Series 2-K Preferred Shares is ₱136,204,566.56.

The Company intends to allocate the net proceeds (after deducting transaction-related expenses and payment/refinancing of short-term borrowings incurred for the redemption of Series 2-F Preferred Shares) from the Offer Shares, primarily for the partial redemption of Series 2-J Preferred Shares and Series 2-K Preferred Shares then

outstanding. Any excess on the net proceeds will be allocated for investment in airport and airport-related infrastructure projects.

Investments in Airport and airport-related projects

The Company also intends to use up to ₱[●] billion from the net proceeds from the Offer to invest in the Airport and other airport-related projects, by way of equity, debt, or other instruments, within 24 months from the Issue Date.

San Miguel Aerocity Inc. (“**SMAI**”) signed a concession agreement with the Department of Transportation to construct and operate the Manila International Airport that is envisioned to be an aerotropolis, fill the gap and set the standard for a modern, world-class international airport that will address today’s and future capacity requirements for air travel in the Philippines. SMAI is 100% controlled by San Miguel Holdings Corp., which is a wholly-owned subsidiary of SMC.

The proceeds from the Offer will be utilized by the Company through direct or indirect investments in SMAI or such other airport-related subsidiaries of the Company as it may deem appropriate in furtherance of the completion of such projects subject to and in compliance with existing laws, rules and regulations.

In summary, the net proceeds of the Offer shall be used as follows (in order of their priority):

Purpose	Allocation out of the Net proceeds of the Base Offer ¹	Allocation out of the Net proceeds of the Offer (Assuming Exercise of Oversubscription Option) ¹	Estimated Timing of Disbursement
Refinancing of Short-Term Loans for Redemption of 223,333,500 Series 2-F Preferred Shares	Up to ₱16.75 billion	Up to ₱16.75 billion	within 4 th quarter of 2025
Partial Redemption of Series 2-J Preferred Shares and Series 2-K Preferred Shares and/or	Up to ₱3.09 billion	Up to ₱13.03 billion	October 29, 2025 and December 10, 2025
Investments in Airport and airport-related projects			within 24 months from Issue Date
Total	₱19.84 billion	₱29.78 billion	

¹Estimate, but in no event will the total allocation exceed the net proceeds from the Offer.

Any shortfall from the net proceeds of the Offer allotted to any of the foregoing will be financed from the Company’s internally generated funds.

Pending the above use of proceeds, the Company intends to invest the net proceeds from the Offer in short-term liquid investments including, but not limited to, short-term government securities, bank deposits, and money market placements which are expected to earn prevailing market rates. In the event such investments should incur losses, any shortfall will be financed from the Company’s internally generated funds.

The Company shall file the appropriate SEC Form 17-C with the SEC and the PSE upon making any disbursement of the net proceeds of the Offer.

UNDERTAKING ON THE USE OF PROCEEDS

No amount of the proceeds is to be used to reimburse any officer, director, employee, or shareholder, for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

The Company undertakes that it will not use the net proceeds from the Offer for any purpose, other than as discussed above. The Company’s cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company’s management may find it necessary or advisable to alter its plans. In the event of any substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC, the PSE, and the holders of the Offer Shares in writing at least 30 days before such deviation, adjustment or reallocation

is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, should be approved by the Board of Directors or the Executive Committee, and disclosed to the PSE. In addition, the Company shall submit via the PSE's online disclosure system, the Electronic Disclosure Generation Technology ("**EDGE**"), the following disclosures to ensure transparency in the use of proceeds, namely:

- i. any material disbursements made in connection with the planned use of proceeds from the Offer;
- ii. quarterly progress report on the application of the proceeds from the Offer on or before the first 15 days of the following quarter;
- iii. annual summary of the application of the proceeds on or before January 31 of the following year; and
- iv. approval by the Board of Directors or the Executive Committee of any reallocation on the planned use of proceeds. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least 30 days prior to the said actual disbursement or implementation.

The Company shall submit a certification by the Company's treasurer and external auditor on the accuracy of the information reported by the Company to the PSE, as well as a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Offer Supplement, if any, in the Company's quarterly and annual reports as required in items (ii) and (iii) above. Such detailed explanation will state the approval of the Board of Directors as required in item (iv) above.

PLAN OF DISTRIBUTION

SMC plans to issue the Offer Shares to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, along with the Selling Agents who will take part in at least 70% of the Offer Shares (the “**Institutional Offer**”). The Offer does not include an international offering.

Joint Issue Managers

Bank of Commerce, BDO Capital & Investment Corporation, and PNB Capital and Investment Corporation are the Joint Issue Managers for the Offer, and as such, manage and coordinate the various workstreams to ensure the successful execution of the Offer.

Joint Lead Underwriters and Bookrunners

The Joint Lead Underwriters and Bookrunners have agreed to distribute and sell the Series 2-S, Series 2-T, and Series 2-U Preferred Shares at the Offer Price, pursuant to an underwriting agreement to be entered into with SMC. Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners have committed to underwrite the following amounts on a firm basis:

Joint Lead Underwriter	Underwriting Commitment (Shares)	Underwriting Commitment (₱)
Bank of Commerce	51,333,500	3,850,012,500
BDO Capital & Investment Corporation	51,333,500	3,850,012,500
BPI Capital Corporation	23,333,000	1,749,975,000
China Bank Capital Corporation	29,333,200	2,199,990,000
Land Bank of the Philippines	13,333,500	1,000,012,500
Philippine Commercial Capital, Inc.	13,333,400	1,000,005,000
PNB Capital and Investment Corporation	38,000,000	2,850,000,000
RCBC Capital Corporation	20,000,000	1,500,000,000
Security Bank Capital Investment Corporation	26,666,500	1,999,987,500
TOTAL	266,666,600	19,999,995,000

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to SMC of the net proceeds of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares. For further discussion, please refer to “*Plan of Distribution – Withdrawal of the Offer*” on page [140] of this Offer Supplement.

The underwriting and selling fees to be paid by the Company in relation to the Offer shall be up to 0.55% of the gross proceeds of the Offer. This shall be inclusive of fees to be paid to the Joint Issue Managers, Joint Lead Underwriters and Bookrunners, and the commissions to be paid to the Trading Participants of the PSE, which shall be equivalent to [0.15]% of the total proceeds of the sale of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares by such Trading Participant. The Trading Participant’s selling commission is inclusive of any value added tax and creditable withholding tax. The latter shall be for the account of the Trading Participant and will be withheld and remitted to the Bureau of Internal Revenue (“**BIR**”) by either the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners or the Issuer.

The Joint Issue Managers, and the Joint Lead Underwriters and Bookrunners are duly licensed by the SEC to engage in underwriting or distribution of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares. The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners may, from time to time, engage in transactions with and perform services in the ordinary course of its business for SMC or any of its subsidiaries.

The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, except for Bank of Commerce, have no direct relations with SMC in terms of ownership by either of their respective major stockholder/s and have no right to designate or nominate any member of the Board of Directors. Bank of Commerce is an affiliate of the Company.

The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners have no contract or other arrangement

with SMC by which it may return to SMC any unsold Series 2-S, Series 2-T, and Series 2-U Preferred Shares.

Overview of the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners

Bank of Commerce ("**BankCom**"), an affiliate of SMC since 2008, is a publicly-listed universal bank. On December 23, 2021, BankCom received its authority to operate as a universal bank under Monetary Board Resolution No. 1798, allowing BankCom to engage in investment banking activities. Subsequently, BankCom established its Investment Banking Group (IBG) in March 2022. On August 11, 2022, BankCom received its secondary license from the SEC to act as an Underwriter of Securities (certificate of registration no. 01-2008-00179). With these developments, BankCom's IBG can now undertake end-to-end publicly listed capital markets transactions, including the arrangement, issue management, and underwriting of debt and equity securities. IBG is likewise responsible for the arrangement, syndication, and placement of privately issued securities, such as syndicated loans and project finance facilities. IBG may also engage in financial advisory activities, including restructuring, mergers, and acquisitions.

BDO Capital & Investment Corporation ("**BDO Capital**") was incorporated in the Philippines in December 1998. BDO Capital is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. BDO Capital has been registered and authorized to act as an investment house since 1999 under the Investment Houses Law or Presidential Decree No. 129. It is duly licensed by the SEC to operate as an investment house and was licensed by the SEC to engage in underwriting or distribution of securities to the public. BDO Capital is licensed by the SEC as an Investment House Engaged in Dealing Government Securities and a Mutual Fund Distributor under Certificate of Registration (C.R.) No.: 01-2008-00219 issued on 29 December 2014. Said license was renewed on 29 November 2022. As of December 31, 2024, it had ₱5.44 Billion and ₱5.08 Billion in assets and capital, respectively. It has an authorized capital stock of ₱1.10 Billion, of which approximately ₱1.00 Billion represents its paid-up capital.

BPI Capital Corporation ("**BPI Capital**") is a Philippine corporation organized in the Philippines as a wholly owned subsidiary of the Bank of the Philippine Islands. It obtained its license to operate as an investment house in 1994 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. As of November 2022, BPI Capital is licensed by the SEC as an Investment House Engaged in Dealing Government Securities and a Mutual Fund Distributor under Certificate of Registration (C.R.) No.: 01-2008-00210. As of December 31, 2024, its total assets amounted to ₱4.60 billion and its capital base amounted to ₱34.36 billion. It has an authorized capital stock of ₱506.44 million of which approximately ₱260.36 million represents its paid-up capital.

China Bank Capital Corporation ("**Chinabank Capital**") is the wholly owned investment banking subsidiary of China Banking Corporation. It was registered and licensed as an investment house on November 27, 2015, with SEC Company Registration No. CS201522558 and SEC Investment House License No. CR 01-2015-00279 (renewed on 19 November 2024), as a result of the spin-off of China Banking Corporation's Investment Banking Group. The firm offers a full suite of investment banking solutions that enable clients to achieve their fundraising objectives and strategic goals. The company's services include arranging, managing, and underwriting debt and equity transactions, such as bond offerings, corporate notes issuances, initial public offerings and follow-on offerings of common and preferred shares, private placement of securities, structured loans, project finance, real estate investment trusts, and asset securitizations. Chinabank Capital also provides financial advisory services, such as deal structuring, valuation, and execution of mergers, acquisitions, divestitures, joint ventures, and other corporate transactions. As of December 31, 2024, it has total assets of ₱4.06 billion and a capital base of ₱4.00 billion.

Land Bank of the Philippines ("**LANDBANK**") is a government financial institution organized and existing pursuant to Republic Act No. 3844, otherwise known as the Agricultural Land Reform Code, as amended. Established in 1963, LANDBANK operates as a universal bank, providing a wide range of financial services to support the growth of the agriculture sector, rural communities, and other priority sectors of the economy such as infrastructure and utilities; power; micro, small and medium enterprises; healthcare and education; and environment and natural resources management, among others. Present in all 82 provinces in the country, LANDBANK is the largest development financial institution in the Philippines that promotes financial inclusion, digital transformation, and sustainable national development. LANDBANK is licensed by the SEC as an Investment House Engaged in Dealing Government Securities under Certificate of Registration (C.R.) No.: 01-2008-00243. As of December 31, 2024, LANDBANK's total assets amounted to ₱3.44 trillion, with a capital of ₱293.13 billion.

Philippine Commercial Capital, Inc. ("**PCCI**") was incorporated on September 23, 1975 and is among the pioneering investment banks in the country. Over the years, PCCI has built a solid track record and expertise in the Philippine capital markets, obtaining a license to operate as a trust entity, investment house, and securities dealer on May 22, 1992. PCCI

Capital obtained its investment house license on July 31, 1986, and has since cultivated a diversified and distinguished portfolio — demonstrating expertise in the trading of government securities and corporate issuances, active participation in syndicate undertakings, and operations under CR No. 01-2008-00232. Its enduring prominence in the financial industry is further reinforced by the renewal of its Investment House–Government Securities Eligible Dealer (IH-GSED) license on 28 November 2024, a testament to its stature as a seasoned and trusted authority in the public bond and preferred shares markets.

PNB Capital and Investment Corporation (“**PNB Capital**”), a wholly-owned subsidiary of the Philippine National Bank, offers a spectrum of investment banking services including loan syndications and project finance, bond offerings, private placements, public offering of shares, securitization, financial advisory and mergers and acquisitions. PNB Capital was incorporated on July 30, 1997 with SEC Certificate of Registration No: A199708720 and subsequently commenced operations on October 8, 1997. PNB Capital holds a license as an investment house and underwriter of securities. PNB Capital’s license (C.R. No. 01-2008-00234) is renewed every November of each calendar year and was renewed last on December 6, 2022. PNB Capital’s scope of corporate business includes but is not limited to: 1) Buy and sell for its own account, and/or to arrange to distribute on either a guaranteed/firm commitment basis or on a best-efforts basis securities of other corporations and of the Republic of the Philippines 2) Arrange, participate, and/or distribute in syndicate undertakings on either a guaranteed/firm commitment basis or on a best-efforts basis securities of other corporations and of the Republic of the Philippines and its instrumentalities, 3) Act as Financial Advisor/Consultant, and 4) Such other activities or business ventures directly or indirectly related to the dealing of securities. As of December 31, 2021, it had an authorized capital of ₱2.0 billion and paid-up capital of ₱1.5 billion. PNB Capital is authorized to buy and sell, for its own account, securities issued by private corporations and the Philippine Government. As of December 31, 2024, total assets of PNB Capital were at ₱2.17 billion while total capital was at ₱2.13 billion.

RCBC Capital Corporation (“**RCBC Capital**”) is a licensed investment house providing a complete range of capital raising and financial advisory services. In 1974, RCBC Capital secured its authorization to act as an Investment House pursuant to the provisions of the Investment Houses Law and the SRC. The Company has over 50 years of experience in underwriting of equity, quasi-equity and debt securities, as well as in managing and arranging the syndication of loans, and in financial advisory. RCBC Capital Corporation has been registered and authorized to act as investment house engaged in dealing government securities (with broker/dealer of securities functions) under SEC C.R No. 01-2008-00212, issued in 2014, contingent on full compliance with the terms and conditions set by the SEC pursuant to the provisions of the Investment Houses Law and the SRC and its IRR. The Certificate was last renewed in November 2022. RCBC Capital is a wholly-owned subsidiary of the Rizal Commercial Banking Corporation and a part of the Yuchengco Group of Companies, one of the country’s largest fully integrated financial services conglomerates. As of December 31, 2024, its total assets amounted to ₱4.30 billion, and its capital base amounted to ₱3.50 billion.

Security Bank Capital Investment Corporation (“**Security Bank Capital**”) is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. Security Bank Capital Investment Corporation obtained its underwriting license in 1995. Security Bank Capital, with C.R. No. 01-2008-00236, is duly registered and authorized by the Securities and Exchange Commission to operate as an Investment House (IH), Underwriter of Securities (US), Investment House/Underwriter of Securities engaged in dealing in Government Securities (IH/US with GSED), or Government Securities Eligible Dealer (GSED). Since obtaining its license on October 13, 1995, Security Bank Capital has accumulated nearly 30 years of experience in underwriting and distributing public and private capital market transactions for major conglomerates, top corporations, and the government in the Philippines. Security Bank Capital provides a wide range of investment banking services including financial advisory, underwriting of equity and debt securities, project finance, privatizations, mergers and acquisitions, loan syndications and corporate advisory services. Security Bank Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues, both locally and internationally. As of December 31, 2024, its total assets amounted to ₱2.19 billion and its capital base amounted to ₱2.13 billion.

Assigned Joint Lead Underwriters for the Trading Participants

The Assigned Joint Lead Underwriters for the Trading Participants and the PSE to facilitate the reservation and allocation of the Series 2-S, Series 2-T, and Series 2-U Preferred Shares among the Trading Participants. Examples of the Joint Lead Underwriters for the Trading Participants’ obligations include: (i) conducting the allocation process and preparing the trading participant final allocation list; (ii) transmitting the notice of final allocation to participating Trading Participants;

and (iii) indicating the requested number of Offer Shares by each participating Trading Participant in the allocation report. For more details on responsibilities of the Assigned Joint Lead Underwriters of the Trading Participants, please refer to the TP Guidelines.

The responsibilities of Bank of Commerce and Security Bank Capital Investment Corporation as Assigned Joint Lead Underwriters for the Trading Participants include: (i) distributing the selling kits to the Trading Participants and confirming with the PSE via email that the selling kits have been sent to all Trading Participants; (ii) conducting the allocation process and preparing the Trading Participant final allocation list; (iii) transmitting the notice of final allocation to participating Trading Participants; (iv) indicating the requested number of Offer Shares by each participating Trading Participant in the allocation report; (v) confirming with the PSE that a notice of final allocation has been delivered to each participating Trading Participant; and (vi) coordinating with the Trading Participants in case the latter have questions or clarifications in relation to the Offer.

Sale and Distribution

The distribution and sale of the Offer Shares shall be undertaken by the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners who shall sell and distribute the Offer Shares to third party buyers/investors. The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners are authorized to organize a syndicate of other underwriters, soliciting dealers and/or selling agents for the purpose of the Offer.

Of the 266,666,600 Series 2-S, Series 2-T, and Series 2-U Preferred Shares to be offered, at least 186,666,700 Series 2-S, Series 2-T, and Series 2-U Preferred Shares or about 70% are being offered through the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners for subscription and sale to Qualified Buyers, other investors, and the general public (the “Institutional Offer”). The Company plans to make available up to 79,999,900 Series 2-S, Series 2-T, and Series 2-U Preferred Shares or about 30% for distribution to the 121 Trading Participants acting as Selling Agents and to LSIs under the Local Small Investors Program of the PSE at the Offer Price (the “**Trading Participants Offer and Retail Offer**”) (subject to re-allocation as described below).

Up to 53,333,300 Offer Shares or about 20% of the Base Offer (the “**Trading Participants Offer**”) shall be offered for distribution to the respective clients of the 121 Active Trading Participants of the PSE, acting as Selling Agents. Each Trading Participant shall be allocated 440,700 Series 2-S, Series 2-T, and Series 2-U Preferred Shares (the “**Allocation per TP**”) (computed by dividing the Series 2-S, Series 2-T, and Series 2-U Preferred Shares allocated to the Trading Participants by 121). The balance of 8,600 Offer Shares will be allocated to the Trading Participants as may be determined by the Joint Lead Underwriters and Bookrunners. Trading Participants may undertake to purchase more than the Allocation per TP. Any requests for shares in excess of the Allocation per TP may be satisfied via the reallocation of any Series 2-S, Series 2-T, and Series 2-U Preferred Shares not taken up by other Trading Participants.

Any Series 2-S, Series 2-T, and Series 2-U Preferred Shares allocated to the Trading Participants but not taken up by them, will be allocated first to the Trading Participants who subscribed for their full allotment and indicated additional demand, at the sole discretion of the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners.

Trading Participants who take up the Offer Shares shall be entitled to a selling fee of **[0.15]%**, inclusive of any value added tax and creditable withholding tax, and will be paid to the participating Trading Participants starting on the tenth (10th) Business Day after the Issue Date.

The allocation of the Offer Shares between the Institutional Offer and the Trading Participants Offer is subject to adjustment as agreed among the Issuer, the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants Offer, Offer Shares initially allocated to the Institutional Offer may be reallocated to the Trading Participants Offer. If there is an under-application in the Trading Participants Offer and a corresponding over-application in the Institutional Offer, Offer Shares initially allocated to the Trading Participants Offer may be reallocated to the Institutional Offer. The reallocation shall not apply in the event of an over-application or under-application in both the Institutional Offer, on the one hand, and the Trading Participants Offer, on the other hand.

In the event that the Oversubscription Option is exercised, the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, have the discretion to allocate the Oversubscription Option of up to 133,333,400 Series 2 Preferred Shares to the Series 2-S, Series 2-T, and Series 2-U Preferred Shares at the end of the Offer Period. In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period for the Offer Shares, the corresponding number of Oversubscription Option shares not taken up or exercised shall revert

to the Shelf Registered Shares, and automatically increase the remaining shares that may be offered by the Issuer in subsequent tranches.

All Series 2-S, Series 2-T, and Series 2-U Preferred Shares not taken up by the Qualified Buyers, Trading Participants, the general public and the clients of the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners shall be purchased by the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners pursuant to the terms and conditions of the Underwriting Agreement. Nothing herein or in the Underwriting Agreement shall limit the rights of the Joint Lead Underwriters and Bookrunners from purchasing the Offer Shares for their own respective accounts.

The obligations of each of the Joint Lead Underwriters and Bookrunners will be joint but not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Joint Lead Underwriters and Bookrunners. Unless otherwise expressly provided in the Underwriting Agreement, the failure by a Joint Lead Underwriter and Bookrunner to carry out its obligations thereunder shall neither relieve the other Joint Lead Underwriters and Bookrunners of their obligations under the same Underwriting Agreement, nor shall any Joint Lead Underwriter and Bookrunner be responsible for the obligation of another Joint Lead Underwriter and Bookrunner.

Local Small Investors

In compliance with Local Small Investors Guidelines, 10% of the Base Offer or 26,666,600 Offer Shares will be allocated to Local Small Investors. A clawback mechanism is also adopted wherein the allocation to Local Small Investors is increased to 15% if the total demand is five times or more than the initial allocation for Local Small Investors. If the total demand for shares in the Local Small Investors' subscription exceeds the maximum 15% under the clawback mechanism, the underwriter(s) shall allocate the shares by balloting. The number of Offer shares to be made available to the Local Small Investors will be subject to final allocation to be determined by the Underwriters.

Each Local Small Investor applicant may subscribe for a minimum of 500 Offer Shares and up to a maximum of 13,400 Offer Shares at the Offer Price.

Trading Participants Allocation Process

Mechanics of Distribution

1. Upon receipt of the report on the Offer Shares to be taken up by Trading Participants ("**Firm Undertaking Report**") the Assigned Joint Lead Underwriters for the Trading Participants shall, with oversight from representative(s) of the other Joint Lead Underwriters and Bookrunners, input the number of Offer Shares requested by each Trading Participant in a spreadsheet designed for the reservation and allocation of the Offer Shares, as confirmed by the Receiving Agent in the Firm Undertaking Report.
2. The spreadsheet shall distribute the total number of Offer Shares to be allocated to each Trading Participant in accordance with the following process:
 - a) If the total number of Offer Shares requested by a Trading Participant, based on its Firm Undertaking Report, does not exceed the Allocation per TP, the Assigned Joint Lead Underwriters for the Trading Participants shall fully satisfy the request of such Trading Participant. Each Trading Participant is assured of not less than the Allocation per TP. The balance, if any, shall be re-distributed among those who have signified a commitment to purchase more than the Allocation per TP in their Firm Undertaking Report until all the Offer Shares allotted for distribution are fully allocated.
 - b) If the total number of Offer Shares requested by a Trading Participant exceeds the Allocation per TP, additional shares may be sourced from the Offer Shares not taken up by the other Trading Participants. The Assigned Joint Lead Underwriters for the Trading Participants, with guidance from the other Joint Lead Underwriters and Bookrunners, shall allocate the Offer Shares to Trading Participants by: (i) fully satisfying the orders of those Trading Participants who have firm orders that are less than or equal to the Allocation per TP; and (ii) distributing equitably the remaining Allocation per TP to other Trading Participants with orders for additional shares, but only up to their respective firm orders.

- c) In no case shall any Trading Participant be awarded more than the shares indicated in its Firm Undertaking Report.
- d) If the aggregate number of Offer Shares requested by all Trading Participants is less than the Offer Shares initially allocated to the Trading Participants Offer, the balance shall be returned to the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners for reallocation.

3. All deadlines indicated in the TP Guidelines shall be strictly followed.

Term of Appointment

The engagement of the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners shall subsist so long as the SEC Permit to Sell remains valid, unless otherwise terminated pursuant to the Underwriting Agreement.

Manner of Distribution

The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners shall, at their discretion, determine the manner by which proposals for subscriptions to, and issuances of, the Offer Shares shall be solicited, with the sale of the Offer Shares to be effected only through the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners. The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners may appoint other entities, including Trading Participants, to sell on their behalf.

Offer Period

The Offer Period shall commence at 9:00 a.m. on October 13, 2025 and end at 12:00 noon on October 17, 2025, or such other date as may be mutually agreed between the Company, the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners with the approval of the SEC and the PSE, as applicable.

Application to Purchase

All applications to purchase the Offer Shares shall be evidenced by a duly completed and signed Application to Purchase, together with two (2) fully executed specimen signature cards authenticated by the Corporate Secretary or equivalent officer with respect to corporate and institutional investors, and shall be accompanied by the proof of payment in full of the corresponding purchase price of the Offer Shares, by check or by the appropriate payment instruction, and the required documents which must be submitted to the Receiving Agent, the Joint Issue Managers, or the Joint Lead Underwriters and Bookrunners.

Corporate and institutional purchasers must also submit the following:

- (a) a certified true copy of the applicant's latest articles of incorporation and by-laws and other constitutive documents or equivalent documents, each as amended to date, duly certified by the corporate secretary or equivalent officer;
- (b) the applicant's SEC certificate of registration, duly certified by the corporate secretary or equivalent officer;
- (c) a duly notarized corporate secretary's certificate or equivalent document setting forth the resolution of the applicant's board of directors or equivalent body authorizing (i) the purchase of the Offer Shares indicated in the application and (ii) the designated signatories for the purpose, including their respective specimen signatures;
- (d) certified true copy of latest General Information Sheet ("GIS") duly certified by the corporate secretary or equivalent officer;
- (e) photocopy of any one (1) of the following valid IDs: passport/driver's license, company ID, Social Security System/Government Service and Insurance System ID and/or Senior Citizen's ID or such other ID and documents as may be required by or acceptable to the selling bank or the Receiving Agent, as applicable;
- (f) two (2) specimen signature cards with specimen signatures of the signatory or signatories of the Application to Purchase; and

(g) validly issued taxpayer identification number issued by the BIR.

Individual applicants must also submit a photocopy of any one of the following valid IDs: passport/driver's license, company ID, Social Security System/Government Service Insurance System ID and/or Senior Citizen's ID or such other ID and documents as may be required by or acceptable to the selling bank.

For Applications to Purchase to be submitted by the Trading Participants, please refer to the Trading Participant Implementing Guidelines.

An applicant who is exempt from or is not subject to withholding tax or who claims reduced tax treaty rates shall, in addition, be required to submit the following requirements to the relevant Joint Issue Manager, or the relevant Joint Lead Underwriter and Bookrunner (together with their applications) who shall then forward the same to the Registrar and Paying Agent, subject to acceptance by the Company as being sufficient in form and substance:

1. Tax Residency Certificate for the period when the treaty rate is claimed, duly issued by the tax authority of the foreign country in which the income recipient is a resident.
2. Bank documents/certificate of deposit/telegraphic transfer/telex/money transfer evidencing payment/remittance of income.
3. Notarized Special Power of Attorney ("**SPA**") issued by the nonresident taxpayer to his/her authorized representative(s), which shall expressly state the authority to sign the Application Form as well as to file the tax treaty relief application or Request for Confirmation.
4. When applicable, proof that shareholding in respect of which dividends are paid is not effectively connected with a permanent establishment of the foreign enterprise in the Philippines.

Depending on the circumstances of the applicant, additional/special requirements may be requested in accordance with existing rules and regulations issued by the BIR.

In case, the non-resident corporate taxpayer wishes to, instead, avail of the benefits of the tax sparing under the National Internal Revenue Code, it will have to submit the following documents:

1. Original copy of apostilled/duly authenticated Tax Residence Certificate issued by the tax authority of the country of domicile.
2. Original apostilled/duly authenticated copy of the non-resident foreign corporation's ("**NRFC**") articles of incorporation or proof of establishment in its country of residence.
3. Original copy of apostilled/duly authenticated SPA issued by NRFC to its authorized representative.

As in request for confirmation/tax treaty relief application, additional/special requirements may be requested in accordance with existing rules and regulations issued by the BIR.

In both cases, an original of the duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status, undertaking to immediately notify the Company and the Registrar and Depository Agent of any suspension or revocation of its tax exempt status and agreeing to indemnify and hold the Company, the Registrar and Depository Agent and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or reduced withholding of the required tax will have to be submitted.

The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners shall be responsible for accepting or rejecting any application or scaling down the amount of Offer Shares applied for. The application, once accepted, shall constitute the duly executed purchase agreement covering the amount of Offer Shares so accepted and shall be valid and binding on the Company and the applicant. The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners shall advise the Selling Agents of any Applications that were rejected and/or scaled down, with copy to the Company.

Applications to purchase the shares allocated for Local Small Investors must be done online through the PSE Easy. The system will generate a reference number and payment instruction. Application payments for the Offer Shares must be

settled within the Offer Period.

A Local Small Investor applicant should nominate in the application the PSE Trading Participant through which its shares will be lodged. Otherwise, the application shall not be accepted. In the event that a Local Small Investor applicant does not have a PSE Trading Participant, the Local Small Investor applicant, if eligible, may open a trade account. Local Small Investor applicant may refer to the Local Small Investors Guidelines for more additional information.

Local Small Investor applications will be processed on a first-come, first-served basis while final allocation of the Trading Participants will be determined pursuant to allocation mechanics. This section should be read in conjunction with the Offer Implementing Guidelines, which will be published on the PSE EDGE website.

Minimum Purchase

A minimum purchase of 500 shares shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of 10 shares.

Payment for the Offer Shares

The Offer Price of the Offer Shares must be paid in full upon submission of the application. Payment shall be in the form of either:

- (a) a cashier's/manager's or corporate check, or personal check drawn against a bank account with a BSP-authorized agent bank or any branch thereof with a clearing period of not more than one (1) Business Day and dated as of the date of submission of the Application to Purchase covering the entire number of the Offer Shares covered by the same Application. Checks should be made payable to "**SMC Preferred Shares Offer**" and crossed "Payee's Account Only" with a clearing period of not more than one (1) Business Day shall be accepted. Check payment must be made within the clearing cut-off of the last day of the Offer Period; or
- (b) through the RTGS facility of the BSP to the relevant Joint Issue Manager, Joint Lead Underwriter and Bookrunner, Selling Agent, or the Receiving Agent to whom such Application was submitted; or
- (c) via direct debit from their deposit account maintained with the relevant Joint Issue Manager, Joint Lead Underwriter and Bookrunner, or the Selling Agent; or
- (d) through other means as may be agreed between the applicant and the relevant Joint Issue Manager, Joint Lead Underwriter and Bookrunner, Selling Agent, or the Receiving Agent.

Payment by the Local Small Investors shall be made by:

Online payment via DragonPay, with "SMC Stock Transfer Service Corporation (SMC STSC)" as the merchant.

Should the payment of the Local Small Investor be incomplete or below the full payment or below the full payment amount of the purchase, the LSI Application shall be rejected.

The payment must be made no later than 12:00 noon on October 17, 2025.

LSI Applicants paying through DragonPay should ensure that their subscription amount is within the transaction limit of their chosen bank. If the total subscription amount is more than P50,000.00 or the transaction limit of their chosen bank, then an LSI Applicant should select the PesoNet option in DragonPay.

Refunds

In the event an Application is rejected or the amount of Offer Shares applied for is scaled down, the Joint Lead Underwriters and Bookrunners, the Selling Agents, or the Receiving Agent, as may be applicable, upon receipt of such rejected or scaled down Applications, shall notify the applicant concerned that his Application has been rejected or the amount of Offer Shares applied for is scaled down, and return or refund the amount paid by the applicant with no interest thereon. With respect to an applicant whose Application was rejected, the Joint Lead Underwriter and Bookrunner, the Selling Agents, or the Receiving Agent, as may be applicable, shall return the check payment of or refund the amount paid by the applicant concerned. With respect to an applicant whose Application has been scaled

down, refund shall be made by the concerned Joint Lead Underwriter and Bookrunner, the concerned Selling Agents, or the Receiving Agent, as may be applicable, by way of issuance of its own check payable to the order of the applicant and crossed "Payees' Account Only" corresponding to the amount in excess of the accepted Application or through other means as may be agreed between the applicant and the relevant Joint Lead Underwriter and Bookrunner, Selling Agents, or Receiving Agent. All checks shall be made available for pick up by the applicants concerned at the office of the Joint Lead Underwriters and Bookrunners, the Selling Agents, or the Receiving Agent, as may be applicable, to whom the rejected or scaled down Application was submitted within five (5) Business Days after the last day of the Offer Period. Any checks that remain unclaimed after thirty (30) days from the Issue Date shall be mailed or delivered, at the risk of the applicant, to the address specified in the Application to Purchase. The Company shall not be liable in any manner to the applicant for any check payment corresponding to any rejected or scaled-down Application which is not returned by the Joint Lead Underwriters and Bookrunners, the Selling Agents, or the Receiving Agent, as may be applicable; in which case, the Joint Lead Underwriters and Bookrunners, the Selling Agents, or the Receiving Agent, as may be applicable, shall be responsible directly to the applicant for the return of the check or otherwise the refund of the payment.

Refund in case Offer Shares are not listed

In the event the Offer Shares are not listed on PSE, the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, the Selling Agents, or the Receiving Agent, as may be applicable, shall notify the applicant concerned. The Joint Lead Underwriter and Bookrunner, the Selling Agents, or the Receiving Agent, as may be applicable, shall return the check payment or refund the amount paid by the applicant concerned by way of issuance of its own check payable to the order of the applicant and crossed "Payees' Account Only" or through other means as may be agreed between the applicant and the relevant Joint Lead Underwriter and Bookrunner, Selling Agents, or Receiving Agent. All checks shall be made available for pick up by the applicants concerned three (3) Business Day after the intended Issue Date at the office of the Joint Lead Underwriters and Bookrunners, or the Receiving Agent, as may be applicable. Any checks that remain unclaimed after fifteen (15) Business Days from the intended Issue Date shall be mailed or delivered, at the risk of the applicant, to the address specified in the Application to Purchase.

Refund Process for Local Small Investors

All refunds shall be made directly to the Local Small Investor applicants unless respective Local Small Investor applicants' nominated PSE Trading Participants consented to process Local Small Investor refunds. In that case, all refunds may be made through the nominated PSE Trading Participant, at the Local Small Investor applicant's risk. The refunds will be processed by the Receiving Agent directly to the nominated PSE Trading Participant by transferring immediately available funds to the relevant bank account of, or via check to, each relevant nominated PSE Trading Participant in such amount representing the total refund due to all the clients of the relevant PSE Trading Participant on or before the tenth (10th) banking day after the end of the Offer Period or on November 3, 2025. The affected Local Small Investor applicants may coordinate directly with their respective nominated PSE Trading Participant, as indicated in the submitted Local Small Investor applicants.

WITHDRAWAL OF THE OFFER

The Company reserves the right to withdraw the offer and sale of the Offer Shares at any time before the commencement of the Offer Period, in which event the Company shall make the necessary disclosures to the SEC and the PSE.

The Company may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to the Issue Date, if any of the following events occur, in which case the Underwriting Agreement shall be deemed terminated, namely:

- a. (i) An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or (ii) occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or (iii) occurrence of any change in local, national or international financial, political, economic or stock market conditions, any of which renders it impracticable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the PSE Notice of Approval, the SEC Order of Registration, or the SEC Permit to Sell Securities ("**Approvals**") and by this Offer Supplement, or would have a material adverse effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it, in the reasonable determination

of the Joint Lead Underwriters and Bookrunners, after consultation with the Issuer, impracticable to proceed with the Offer in the manner contemplated by the Approvals and this Offer Supplement, provided that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Issuer's or the Joint Lead Underwriters and Bookrunners' inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Bookrunners, or any other entity/person to take up any Offer Shares remaining after the Offer Period;

- b. An order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution, listing or issuance of the Offer Shares by any court or Governmental Authority or authority having jurisdiction on the matter, including the SEC and the PSE;
- c. Suspension, cancellation, revocation, or termination of the Approvals;
- d. Trading in the PSE is closed or suspended for at least three (3) consecutive Trading Days other than due to weekends or declared holidays, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Issue Date or such other date as may be approved by the PSE;
- e. There is a change or impending change in any Philippine law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order issued, made, or adopted by any Governmental Authority which (i) materially and adversely affects: (a) the ability of the Issuer to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to offer and issue the Offer Shares and enter into the transaction documents in connection with the Offer; (c) any of the features of the Offer Shares, including the taxes on fees or costs in connection with the Offer, or (ii) renders illegal the performance by any of the Joint Lead Underwriters and Bookrunners of their respective obligations hereunder;
- f. Any significant, adverse, and unforeseeable change or development in the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;
- g. The Issuer is compelled through an official order, decree, or ruling issued by any competent court or Governmental Authority to stop its operations, which is not remedied within five (5) Business Days from receipt by the Issuer of a formal notice of such decision by such competent court or Governmental Authority (as the case may be);
- h. The Issuer shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or the Issuer shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; and such receiver, trustee or similar officer shall be appointed; or the Issuer shall initiate or institute (by petition, application or otherwise), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, corporate rehabilitation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against the Issuer; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part of the Issuer's assets; or any event occurs which under the laws of the Philippines or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;
- i. A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;
- j. The commencement or the threatened commencement in writing by any entity, person or regulatory body of any public action, court proceeding, litigation, arbitration or other similar proceeding against the Joint Lead Underwriters and Bookrunners in connection with or with respect to the issuance or sale by the Issuer of the Offer Shares or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;
- k. Any court, arbitral tribunal, or Governmental Authority which has jurisdiction on the matter issues an order restraining or prohibiting the Joint Lead Underwriters and Bookrunners, or directing them to cease, from

performing their underwriting obligations which makes it impossible for the Joint Lead Underwriters and Bookrunners to perform their underwriting obligations due to conditions beyond their control;

- I. Unavailability of PDTC's lodgment facilities and the PSE's listing facilities used for the Offer and/or listing prior to or on the target Issue Date and such unavailability effectively prevents the ability of the Issuer and the Joint Lead Underwriters and Bookrunners to fully comply with the listing requirements of the PSE, if the impact of such unavailability on the listing of the Offer Shares remains unresolved after discussions between the Issuer and the Joint Lead Underwriters and Bookrunners in good faith; and
- m. Any force majeure event, other than the ones enumerated above, that has material and adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

After the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended, or terminated solely by reason of the Issuer's or Joint Lead Underwriters and Bookrunners' inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Bookrunners, or any other entity/person to take up any Offer Shares remaining after the Offer Period.

Notwithstanding the acceptance of any Application, the Offer Shares will be issued only upon listing of such Offer Shares on the PSE, and provided that the Underwriting Agreement shall not have been terminated or cancelled, on or before the Issue Date, in accordance with the provision of the said agreement. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Shares prior to the Issue Date pursuant to this section and the *"Terms of the Offer – Withdrawal of the Offer"* of this Offer Supplement, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Shares on Issue Date.

Notwithstanding the foregoing, the Company and the Joint Lead Underwriters and Bookrunners recognize and acknowledge that the PSE is a self-regulatory organization with a mandate to maintain a fair and orderly market. In this regard, the PSE may order the imposition of appropriate and reasonable sanctions and penalties on the relevant party for the cancellation of the Offer on or after the commencement of the Offer Period and prior to the Issue Date if, subsequently, the PSE determines that the cancellation or suspension of the Offer was not warranted based on the facts gathered and properly evaluated by PSE and after due and proper proceedings initiated by the PSE not later than five (5) Business Days after such cancellation or suspension.

For purposes of this section, "Governmental Authority" means any government agency, authority, bureau, department, court, tribunal, legislative body, statutory or legal entity (whether autonomous or not), commission, corporation, or instrumentality, whether national or local, of the Republic of the Philippines.

Secondary Market

SMC may purchase the Offer Shares, then tradeable at that time, at any time without any obligation to make pro rata purchases of Offer Shares from all shareholders.

Registry of Shareholders

The Offer Shares will be issued in scripless form through the electronic book-entry system of SMC Stock Transfer Service Corporation as Registrar for the Offer Shares, and lodged with PDTC as Depository Agent on Issue Date through the Trading Participants nominated by the applicants. Applicants shall indicate in the proper space provided for in the Application to Purchase the name of the Trading Participant under whose name their Offer Shares will be registered. After Issue Date, shareholders may request the Registrar, through their nominated Trading Participant, to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name, or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting shareholder.

Legal title to the Offer Shares will be shown in the Registry of Shareholders which shall be maintained by the Registrar (the **"Registry of Shareholders"**). The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Registrar shall send (at the cost of the Company) at least once every quarter a statement of account to all

shareholders named in the Registry of Shareholders, except certificated shareholders and depository participants, confirming the number of Offer Shares held by each shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant shareholder as of the given date thereof. Any request by the shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting shareholder.

For scripless shares, the maintenance and custody fee payable to the PDTC shall be for the account of the shareholder.

Expenses

All out-of-pocket expenses, including but not limited to, registration with the SEC and the PSE, printing, publication, communication and signing expenses incurred by the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners in the negotiation and execution of the transaction will be for the account of SMC irrespective of whether the transaction contemplated herein is completed. Such expenses are to be reimbursed upon presentation of a composite statement of account. See *"Use of Proceeds"* on page [128] for details of the estimated expenses.

THE COMPANY

OVERVIEW

San Miguel Corporation (“**SMC**”, the “**Company**”, or the “**Issuer**”), together with its subsidiaries (collectively with the Company referred to as the “**SMC Group**”) is one of the largest and most diversified conglomerates in the Philippines by revenues and total assets.

Originally founded in 1890 as a single brewery in the Philippines, SMC today owns market-leading businesses and has investments in various sectors, including beverages, food, packaging, energy, fuel and oil, infrastructure, cement, property development and leasing, car distributorship and banking services. SMC has a portfolio of companies that is interwoven into the economic fabric of the Philippines, benefiting from, as well as contributing to the development and economic progress of the nation. The common shares of SMC were listed on the Manila Stock Exchange (now the Philippine Stock Exchange, Inc., the “**PSE**”) on November 5, 1948 and as of June 30, 2025, SMC had a market capitalization of ₱185,944 million, with a common share price of ₱78.00.

SMC, through its subsidiaries and affiliates, has become a market leader in its businesses in the Philippines with an extensive portfolio of products that include beer, spirits, non-alcoholic beverages, poultry, animal feeds, flour, fresh and processed meats, dairy products, coffee, various packaging products and a full range of refined petroleum products, most of which are market leaders in their respective markets. In addition, SMC contributes to the growth of downstream industries and sustains a network of hundreds of third-party suppliers.

Since adopting its business diversification program in 2007, SMC has channeled its resources into what it believes are attractive growth sectors, which are aligned with the development and growth of the Philippine economy. SMC believes that continuing this strategy and pursuing growth plans within each business will achieve a more diverse mix of sales and operating income, and better position SMC to access capital, present different growth opportunities and mitigate the impact of downturns and business cycles.

The consolidated sales, EBITDA, and net income of SMC for the year ended December 31, 2024 were ₱1,575,379 million, ₱225,877 million, and ₱36,675 million respectively. Revenues and EBITDA recorded strong growth of 9% and 10% year-on-year, respectively.

For the six (6) months ended June 30, 2025, consolidated sales were ₱718,205 million, EBITDA was ₱126,341 million and net income was ₱66,767 million compared to consolidated sales of ₱789,021 million, EBITDA of ₱113,689 million and net income of ₱13,578 million for the six (6) month period ended June 30, 2024.

SMC’s six (6) key business groups, most of which are market leaders in their respective industries, include the following: (a) food and beverage; (b) packaging; (c) fuel and oil; (d) energy; (e) infrastructure; and (f) cement. In addition, SMC has investments in other businesses such as property development and leasing, car distributorship, banking services, and insurance.

The following table sets forth the contribution of each of the businesses of SMC to its revenues for the periods indicated:

In Php millions	For the years ended December 31,						For the six months period ended June 30,			
	2022		2023		2024		2024		2025	
	Sales	%	Sales	%	Sales	%	Sales	%		
Food and Beverage	358,853	23.8%	379,822	26.3%	400,872	25.4%	192,882	24.4%	201,200	28.0%
Packaging	37,039	2.5%	38,379	2.7%	40,162	2.5%	17,974	2.3%	19,284	2.7%
Energy	221,389	14.7%	169,590	11.7%	205,091	13.0%	98,944	12.5%	80,147	11.2%
Fuel and Oil	857,638	56.9%	801,027	55.4%	867,966	55.1%	444,490	56.3%	386,395	53.8%
Infrastructure	30,050	2.0%	34,984	2.4%	37,523	2.4%	18,493	2.3%	19,857	2.8%
Cement	8,984	0.6%	37,231	2.6%	34,934	2.2%	18,962	2.4%	17,822	2.5%
Real Estate & Others	64,414	4.3%	64,291	4.4%	64,761	4.1%	31,122	3.9%	30,303	4.2%

Eliminations	(71,776)	(4.8%)	(78,621)	(5.4%)	(75,930)	(4.8%)	(33,846)	(4.3%)	(36,803)	(5.1%)
Total	1,506,591	100.00	1,446,703	100.00	1,575,379	100.00	789,021	100.00	718,205	100.00

The following table sets forth the contribution of the percentage of consolidated sales and consolidated net income contributed by foreign sales for the periods indicated:

Market	% to Consolidated Sales			% to Consolidated Net Income		
	2022	2023	2024	2022	2023	2024
Malaysia	20.65	19.25	17.21	17.52	8.65	4.40
Singapore	9.01	7.67	10.21	5.85	3.87	7.02
Australia	0.72	0.77	0.74	(2.71)	(0.55)	0.02
China	0.54	0.66	0.66	3.95	5.04	4.79
Indonesia	0.34	0.32	0.25	3.14	1.63	1.31
Vietnam	0.15	0.16	0.13	0.28	0.30	0.48
Others	0.14	0.16	0.17	6.35	1.23	3.40

Each of these key business groups and the primary entities through which such businesses are conducted are summarized below.

Food and Beverage

San Miguel Food and Beverage, Inc. (“**SMFB**”) is a leading food and beverage company in the Philippines, anchored on a portfolio of iconic, market-leading brands. SMFB’s products are produced, marketed, and sold under some of the most recognizable names in and top-of-mind brands in the industry, holding market-leading positions in their respective categories. Key brands include *San Miguel Pale Pilsen*, *San Mig Light*, and *Red Horse* for beer; *Cali*, *Magnolia Healthtea*, and *Magnolia Fruit Drink* for non-alcoholic beverages; *Ginebra San Miguel* for gin and *Vino Kulafu* for Chinese wine; *Magnolia* for chicken, dairy, ice cream, flour mixes, and salad aids; *Monterey* for fresh and marinated meats; *Purefoods Tender Juicy* for hotdogs; *Purefoods* for other processed refrigerated and canned meats; *Veega* for plant-based protein food products; *Star* and *Dari Crème* for margarine; *San Mig Coffee* for coffee; and *B-Meg* for animal feeds.

SMFB has three (3) operating divisions—(i) Beer and NAB, (ii) Spirits, and (iii) Food. The beverage business is managed through San Miguel Brewery Inc. and its subsidiaries (collectively, “**SMB**” or the “**Beer and NAB Division**”) and Ginebra San Miguel Inc. and its subsidiaries (collectively, “**GSMI**” or the “**Spirits Division**”). The food business under San Miguel Foods (collectively, “**SMF**” or the “**Food Division**”) is operated through several key subsidiaries, including San Miguel Foods, Inc., Magnolia Inc., The Purefoods-Hormel Company, Inc., San Miguel Mills, Inc., and San Miguel Super Coffeemix Co., Inc. SMFB reaches the entire Philippine archipelago through an extensive distribution and dealer network and exports to approximately seventy (70) markets worldwide.

SMFB is publicly-traded on the PSE under the ticker “**FB**” and, as of June 30, 2025, had a market capitalization of ₱311,230 million, with a common share price of ₱52.65. SMC holds an 88.76% ownership interest in SMFB as of the same date.

Selected operating data for the SMFB for the periods indicated is provided below:

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(in millions, except percentages)				
	₱	₱	₱	₱	₱
Sales	358,853	379,822	400,872	192,882	201,200

Gross profit	97,373	100,600	110,932	52,726	58,116
Gross profit margin ⁽¹⁾	27.1%	26.5%	27.7%	27.3%	28.9%
EBITDA ⁽²⁾	62,729	66,822	73,077	33,928	39,256
EBITDA margin ⁽³⁾	17.5%	17.6%	18.2%	17.6%	19.5%
Net income before tax	45,769	49,878	53,667	26,177	29,842
Net income before tax margin ⁽⁴⁾	12.8%	13.1%	13.4%	13.6%	14.8%

Notes:

(1) Calculated as gross profit divided by revenues.

(2) EBITDA is calculated as net income before: income tax expense, net financing charges (interest income net of interest expense), extraordinary or exceptional items, foreign exchange losses (gains), marked-to-market currency losses (gains), depreciation and amortization and impairment losses.

(3) Calculated as EBITDA divided by revenues.

(4) Calculated as net income before income tax divided by revenues.

Packaging

The packaging business is a total packaging solutions business servicing many of the leading food, pharmaceutical, chemical, beverages, spirits, and personal care manufacturers in the region. The packaging business is comprised of SMYPC, SMYPIL, and their respective subsidiaries, SYFMC, CAI, Mincorr, and Wine Brothers Philippines Corporation, (collectively the “**Packaging Group**”).

The Packaging Group has one of the largest packaging operations in the Philippines, producing glass containers, metal crowns and caps, plastic crates, pallets and other plastic packaging, aluminum cans, paper cartons, flexibles packaging and other packaging products and services such as beverage toll filling for aluminum cans, glass and PET bottles as well as logistics services.

As of June 30, 2025, the Packaging Group has 31 packaging facilities located across the Asia-Pacific Region. As of June 30, 2025, SMC’s ownership interest in SMYPC was 65.00%.

Selected operating data for the Packaging business is provided below for the periods indicated:

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(in millions, except percentages)				
	₱	₱	₱	₱	₱
Sales.....	37,039	38,379	40,162	17,974	19,284
Gross profit	9,472	9,719	11,181	5,107	5,499
Gross profit margin(1).....	25.6%	25.3%	27.8%	28.4%	28.5%
Operating Income.....	1,648	1,915	2,600	1,362	1,592
EBITDA(2).....	4,191	4,501	5,235	2,605	2,769
EBITDA margin(3)	11.3%	11.7%	13.0%	14.5%	14.4%
Net income before tax	(381)	277	1,249	655	948

Net income before tax margin(4).....	(1.0%)	0.7%	3.1%	3.6%	4.9%
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Notes:

- (1) Calculated as gross profit divided by sales.
- (2) EBITDA is calculated as (a) net income (excluding items between any or all of San Miguel Global Power and its subsidiaries) plus (b) income tax expense (benefit), finance cost (less interest income) and depreciation less (c) foreign exchange gain (loss) and gain on sale of investment, in each case excluding amounts attributable to ring-fenced subsidiaries.
- (3) Calculated as EBITDA divided by sales.
- (4) Calculated as net income before income tax divided by sales.

Fuel and Oil

SMC operates its fuel and oil business through Petron Corporation (“**Petron**”), which is the only oil refining and a leading oil marketing company in the Philippines and is a strong third player in the Malaysian market. Petron has a combined refining capacity of 268,000 barrels per day and refines crude oil and markets and distributes refined petroleum products in the Philippines and Malaysia.

In the Philippines, Petron operates a refinery in Bataan (the “**Petron Bataan Refinery**”), the largest and one of the most complex refineries in the region which Petron believes is capable of supplying approximately 40% of the country’s total fuel requirements. The Petron Bataan Refinery has a crude oil distillation capacity of 180,000 barrels per day, processing crude oil into a range of petroleum products, including gasoline, diesel, liquified petroleum gas (“**LPG**”), jet fuel, kerosene, naphtha and petrochemical feedstock such as benzene, toluene, mixed xylene and propylene. The Company had a retail market share of 39.2% of the Philippine oil market for the period ended June 30, 2024.

Selected financial data for the business of Petron are set forth in the table below for the periods indicated:

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(As restated)	(As restated)		(As restated)	
	₱	₱	₱	₱	₱
Sales	857,638	801,027	867,966	444,490	386,395
Gross profit	33,850	46,598	46,213	25,569	23,646
Gross profit margin ⁽¹⁾	3.9%	5.8%	5.3%	5.8%	6.1%
EBITDA ⁽²⁾	33,496	45,179	43,076	23,397	23,057
EBITDA margin ⁽³⁾	3.9%	5.6%	5.0%	5.3%	6.0%
Net income before tax	8,405	13,110	12,994	7,639	6,590
Net income before tax margin ⁽⁴⁾	1.0%	1.6%	1.5%	1.7%	1.7%

Notes:

- (1) Calculated as gross profit divided by revenues.
- (2) EBITDA is calculated as net income before: income tax expense, net financing charges (interest income net of interest expense), extraordinary or exceptional items, foreign exchange losses (gains), marked-to-market currency losses (gains), depreciation and amortization and impairment losses.
- (3) Calculated as EBITDA divided by revenues.
- (4) Calculated as net income before income tax divided by revenues.

Energy

San Miguel Global Power, together with its subsidiaries, associates and joint ventures, is one of the largest power companies in the Philippines, with a total installed capacity of 6,080 MW, as of December 31, 2024. San Miguel Global

Power benefits from a diversified power portfolio, including natural gas, coal, renewable energy such as hydroelectric power and battery energy storage systems (“**BESS**”). Based on the total installed generating capacities reported in the ERC Resolution on Grid Market Share Limitation, SMGP’s combined installed capacity comprises approximately 22% of the National grid, 28% of the Luzon grid, 5% of the Visayas grid and 9% of the Mindanao grid, as of December 31, 2024. Market share is computed by dividing the installed generating capacity of San Miguel Global Power with the installed generating capacity of Luzon grid, Mindanao grid or National grid (19,419,592 kW, 4,292,586 kW and 27,096,046 kW, respectively based on data provided under the ERC Resolution on Grid Market Share Limitation).

The table below sets forth the gross profit margin, EBITDA margin and net income before tax margin of San Miguel Global Power for the periods indicated:

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	₱	₱	₱	₱	₱
Sales.....	221,389	169,590	205,091	98,944	80,147
.....					
Gross profit	23,018	38,599	50,407	26,476	26,104
.....					
Gross profit margin(1)	10.4%	22.8%	24.6%	26.8%	32.6%
.....					
EBITDA(2).....	42,316	43,769	55,533	30,147	34,410
.....					
EBITDA margin(3)	19.1%	25.8%	27.1%	30.5%	42.9%
.....					
Net income before tax	4,168	15,063	17,600	9,904	38,040
.....					
Net income before tax margin(4).....	1.9%	8.9%	8.6%	10.0%	47.5%

Notes:

(1) Calculated as gross profit divided by sales.

(2) EBITDA is calculated as (a) net income (excluding items between any or all of San Miguel Global Power and its subsidiaries) plus (b) income tax expense (benefit), finance cost (less interest income) and depreciation less (c) foreign exchange gain (loss) and gain on sale of investment, in each case excluding amounts attributable to ring-fenced subsidiaries.

(3) Calculated as EBITDA divided by sales.

(4) Calculated as net income before income tax divided by sales.

Infrastructure

The Infrastructure business, conducted through SMHC, consists of investments in companies that hold long-term concessions in the Infrastructure sector in the Philippines. Currently operating toll roads include the SLEX, Skyway Stages 1, 2 and 3, STAR, TPLEX, NAIAX. Ongoing projects include Skyway Stage 4, the extension of SLEXTR4, SLEX Toll Road 5, Pasig River Expressway, NALEX, SALEX, CBEX, NBEX, PLEX, MALEX, TPLEX Extension, and the MRT-7.

SMHC also operates and is currently expanding the Boracay Airport, has investments in MNHPI, and has concession rights in LCWDC (Bulacan Bulk Water Supply Project) and SMAI (Manila International Airport). Also, in 2024, SMHC acquired the Bulakan and Obando Water companies and was awarded the NAIA Rehabilitation Project. SMHC has also established three new companies engaged in various activities that will further support the infrastructure business. As of June 30, 2025, SMC’s ownership interest in SMHC was 100.00%

SMC has made investments in the infrastructure industry in the Philippines, through its wholly-owned subsidiary, SMHC, consisting of concessions for toll roads, airports, a seaport, bulk water supply and a mass rail transit system.

On February 15, 2024, New NAIA Infra Corp. (“**NNIC**”) was incorporated by the members of the SMC-SAP & Co Consortium (the “**Consortium**”), namely, San Miguel Holdings Corp. (“**SMHC**”) at 33%, RMM Asian Logistics, Inc. at 30%, RLW Aviation Development, Inc at 27%. and Incheon International Airport Corporation at 10%. On February 16, 2024,

the Consortium was officially awarded by the Department of Transportation (DOTr) the contract to rehabilitate, operate and maintain the NAIA, which is the country's main international gateway.

On March 18, 2024, the Concession Agreement ("CA") was signed between the DOTr, and Manila International Airport Authority ("MIAA") and the concession company, NNIC. The CA covers a 25-year concession period, which comprises an initial term of 15 years plus a ten (10)-year extension, subject to fulfillment of conditions.

The operation of NAIA was turned-over by the Manila International Airport Authority to the concession company on September 14, 2024.

Selected financial highlights for the Infrastructure business are provided below for the periods indicated:

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(in millions, except percentages)				
	₱	₱	₱	₱	₱
Sales	29,008	34,006	37,523	18,493	19,857
Gross profit.....	17,684	21,663	24,310	11,823	13,129
Gross profit margin(1).....	61.0%	63.7%	64.8%	63.9%	66.1%
EBITDA(2)	23,843	27,579	29,736	14,678	15,841
EBITDA margin(3)	82.2%	81.1%	79.2%	79.3%	79.8%
Net income before tax.....	11,538	14,163	17,337	9,451	8,625
Net income before tax margin(4)	39.8%	41.6%	46.2%	51.1%	43.4%

Notes:

- (1) Gross Profit Margin is calculated by sales less cost of sales divided by sales.
- (2) EBITDA is calculated as net income before income tax expense, net financing charges (interest income net of interest expense), extraordinary or exceptional items, foreign exchange losses (gains), marked-to-market currency losses (gains), and depreciation and amortization and impairment losses.
- (3) EBITDA margin is calculated by EBITDA divided by sales.
- (4) Net income before tax margin is calculated by net income before income tax divided by sales.

SMHC believes that it has benefited from the economic growth of the Philippines as evidenced in the increasing traffic volume (AADT)⁽¹⁾ as set forth in the table below for the periods indicated.

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
SLEX TR 1, 2 & 3	376,268	351,722 ⁽³⁾	356,594	357,548	370,612
Skyway Stages 1 & 2	246,340	272,383	276,850	276,483	286,011
Skyway Stage 3 ⁽²⁾	120,954	154,736	163,031	162,635	176,534
STAR	69,790	76,775	80,650	80,758	84,412
TPLEX	26,510	29,744	30,630	31,411	33,965
NAIAx	94,482	123,977	125,348	125,246	125,614

Notes:

- (1) AADT refers to the average number of vehicles per day counted per exit in a toll road. Data is sourced

through the Accounts Management System of each of the toll roads and are monitored by the Toll Monitoring Department of SMHC.

- (2) Skyway Stage 3 officially commenced its operations and started collecting toll fees on July 12, 2021.
- (3) Slightly lower AADT in 2023 due to the Seamless Project implementation. The removal of the TR3 toll plaza, as part of SLEX Seamless Project, resulted in a shift to a more accurate SLEX traffic count of unique users by eliminating the previously double-counted exit transactions of TR3 users. This shift in AADT counting, however, has no impact on SLEX revenue.

Cement

SMC conducts the cement business through San Miguel Equity Investment Inc., which owns 100% of the common stock of Northern Cement Corporation and Southern Concrete Industries Inc., and 99.96% of Eagle Cement Corporation, as of June 30, 2025.

The cement business owns and operates two fully-integrated cement production facilities in Sison, Province of Pangasinan (NCC) and in Barangay Akle, San Ildefonso, Province of Bulacan (Eagle Cement), a cement grinding plant Santa Cruz, Province of Davao Del Sur (SCII), and a limestone, shale and pozzolan quarry and a Limestone Pulverizing Plant in San Ildefonso, Bulacan (Eagle Cement). As a whole, the cement business has a total rated cement production capacity of approximately 17.53 million MTPY of finished cement.

As of June 30, 2025, SMC owns 100.00% of SMEII.

Selected financial highlights of each of the operating cement subsidiaries of SMEII are provided below:

a) Northern Cement Corporation

	For the years ended December 31,			For the six months ended June 30,	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	(in millions, except percentages)				
	₱	₱	₱	₱	₱
Sales	8,984	9,442	9,011	5,126	4,754
Gross profit.....	570	1,147	2,395	1,376	1,317
Gross profit margin(1).....	6.3%	12.1%	26.6%	26.8%	27.7%
EBITDA(2)	599	1,542	3,030	1,629	1,710
EBITDA margin(3)	6.7%	16.3%	33.6%	31.8%	36.0%
Net income before tax.....	(63)	702	1,866	1,249	931
Net income before tax margin(4)	(0.7%)	7.4%	20.7%	24.4%	19.6%

a) Notes:

b) (1) Gross Profit Margin is calculated by sales less cost of sales divided by sales.

c) (2) EBITDA is calculated as net income before income tax expense, net financing charges (interest income net expense), extraordinary or exceptional items, foreign exchange losses (gains), marked-to-market currency losses (gains), and depreciation and amortization and impairment losses.

d) (3) EBITDA margin is calculated by EBITDA divided by sales.

e) (4) Net income before tax margin is calculated by net income before income tax divided by sales

b) Southern Concrete Industries Inc. (formerly, Oro Cemento Industries Corporation)

	For the years ended December 31,			For the six months ended June 30,	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	(in millions, except percentages)				
	₱	₱	₱	₱	₱
Sales	-	2,421	2,284	1,166	1,153

Gross profit.....	-	12	(61)	(47)	63
Gross profit margin(1).....	-	0.5%	(2.7%)	(4.1%)	5.5%
EBITDA(2)	23	113	148	47	141
EBITDA margin(3)	-	4.7%	6.5%	4.0%	12.2%
Net income before tax.....	30	(501)	(142)	(111)	(11)
Net income before tax margin(4)	-	(20.7%)	(6.2%)	(9.5%)	(0.9%)

Notes:

(1) Gross Profit Margin is calculated by sales less cost of sales divided by sales.

(2) EBITDA is calculated as net income before income tax expense, net financing charges (interest income net expense), extraordinary or exceptional items, foreign exchange losses (gains), marked-to-market currency losses (gains), and depreciation and amortization and impairment losses.

(3) EBITDA margin is calculated by EBITDA divided by sales.

(4) Net income before tax margin is calculated by net income before income tax divided by sales

c) Eagle Cement Corporation

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(in millions, except percentages)				
	₱	₱	₱	₱	₱
Sales	26,384	25,443	23,874	12,837	11,965
Gross profit.....	8,247	8,889	7,154	4,366	2,776
Gross profit margin(1).....	31.3%	34.9%	30.0%	34.0%	23.2%
EBITDA(2)	7,013	7,414	5,988	3,566	3,036
EBITDA margin(3)	26.6%	29.1%	25.1%	27.8%	25.4%
Net income before tax.....	6,362	5,391	5,219	3,101	2,398
Net income before tax margin(4)	24.1%	21.2%	21.9%	24.2%	20.0%

Notes:

(1) Gross Profit Margin is calculated by sales less cost of sales divided by sales.

(2) EBITDA is calculated as net income before income tax expense, net financing charges (interest income net expense), extraordinary or exceptional items, foreign exchange losses (gains), marked-to-market currency losses (gains), and depreciation and amortization and impairment losses.

(3) EBITDA margin is calculated by EBITDA divided by sales.

(4) Net income before tax margin is calculated by net income before income tax divided by sales

Others

Other investments of SMC include property development and leasing, through SMPI, car distributorship through SMC Asia Car Distributors Corp., and Velocità Motors Inc., banking services through BankCom, and insurance through Petrogen.

RECENT DEVELOPMENTS

Amendments to By-laws of the Company

On July 3, 2025, the Board of Directors approved the amendment of various provisions of the By-laws of the Company:

1. Section 2, Article II - Change in the relevant date of sending of notices of the regular stockholders meeting from at least ten (10) days prior to the date of the meeting to at least 21 calendar days prior to the date of the meeting.
2. Section 1, Article II - Change the percentage threshold for the stockholders to request to call a meeting from majority of the subscribed capital stock to at least ten percent (10%) of the subscribed capital stock.

3. Section 1-A(a), Article III - Change in the number of independent directors from two (2) to three (3).
4. Section 6, Article III - Change in the notice of regular and special board meetings from no notice requirement for regular meetings and twenty-four hours prior notice for special meetings to two (2) days prior to the scheduled meetings.
5. Section 10, Article III - Provides for the additional requirement of securing the approval of the stockholders of the Corporation for the payment of the compensation of the members of the Board of Directors.

The amendments were made to align and conform with the provisions of the Revised Corporation Code.

Approval by the SEC to the Amendments of the Articles of Incorporation

On July 7, 2025, the SEC approved the amendments to the Articles of Incorporation of SMC, specifically:

1. the reclassification of the 904,752,537 common shares currently held as treasury shares, into Series “2” Preferred Shares held in treasury; and
2. the amendment of the authorized capital stock of SMC from ₱30,000 million with a par value of ₱5.00 per share or 6,000,000,000 shares divided into 3,790,000,000 common shares and 2,210,000,000 Series “2” Preferred Shares to 2,885,247,463 common shares and 3,114,752,537 Series “2” Preferred Shares.

Such amendments were approved by the Board of Directors on January 16, 2025, and confirmed and ratified by the Stockholders of SMC on March 27, 2025.

Redemption of Senior Perpetual Capital Securities (“SPCS”)

On July 29, 2025, SMC redeemed all the outstanding US\$500 million SPCS under the US\$3,000 million Medium Term Note and Securities Programme (the “**Redeemed Securities**”). The Redeemed Securities were issued on July 29, 2020, with a rate of distribution of 5.5% per annum.

The redemption of US\$500 million SPCS was approved by the Board of Directors of SMC on June 10, 2025 and were funded by a bridge loan facility from a foreign bank.

Redemption of Series 2-F Preferred Shares, and Series 2-J Preferred Shares, and Series 2-K Preferred Shares

On August 7, 2025, the Board of Directors of SMC approved the redemption of 223,333,500 Series 2-F Preferred Shares at a redemption price of ₱75.00 per share. On September 22, 2025, all of the Series 2-F Preferred Shares were redeemed.

On the same day, the Board of Directors of SMC approved the redemption of 266,666,667 Series 2-J Preferred Shares and 183,904,900 Series 2-K Preferred Shares at a redemption price of ₱75.00 per share. Any outstanding Series 2-J Preferred Shares and Series 2-K Preferred Shares will be redeemed by the Company on October 29, 2025 and December 10, 2025, respectively.

Upon redemption, the Series 2-F Preferred Shares, Series 2-J Preferred Shares, and Series 2-K Preferred Shares shall not be considered retired and may be reissued by SMC. The trading of the Series 2-F Preferred Shares, Series 2-J Preferred Shares and Series 2-K Preferred Shares will be suspended upon redemption and may only be tradeable upon application by SMC for lifting of trading suspension in the event SMC decides to reissue it in the future, subject to compliance with the listing rules of the PSE.

Offer to Exchange Series 2-J Preferred Shares, and Series 2-K Preferred Shares and Issuance of Series 2 Preferred Shares - Series 2-P Preferred Shares, Series 2-Q Preferred Shares, and Series 2-R Preferred Shares Constituting an Exempt Transaction

On August 7, 2025, the Board of Directors of SMC approved the offer exchange to the holders of 266,666,667 Series 2-J Preferred Shares and 183,904,900 Series 2-K Preferred Shares (collectively, the “**Exchange Share**”) at a rate of one Exchange Share to one of any of the Series 2 Preferred Shares, namely Series 2-P Preferred Shares, Series 2-Q Preferred Shares, and Series 2-R Preferred Shares which will be reissued from the treasury Series 2 Preferred Shares of SMC. The holders of the Series 2-J Preferred Shares and Series 2-K Preferred Shares who opt not to avail of the exchange offer will receive their redemption proceeds on October 29, 2025 and December 10, 2025, respectively, at a redemption price of ₱75.00 per share.

On September 8, 2025, SMC commenced a voluntary tender offer to all holders of the 266,666,667 Subseries 2-J Preferred Shares and 183,904,900 Subseries 2-K Preferred Shares of SMC.

Under the tender offer, SMC intends to exchange the Exchange Shares for 450,571,567 Series “2” Preferred Shares to be re-issued from the treasury shares of the Company at a rate of one Exchange Share to one of any of the Offer Shares, to be re-issued in up to three (3) subseries, namely Subseries 2-P, 2-Q, and 2-R “(the **“Series 2-P, 2-Q, and 2-R Offer Shares”**)”.

On October 10, 2025, an aggregate amount of [●] Exchange Shares, consisting of [●] Series 2-J Preferred Shares and [●] Series 2-K Preferred Shares were tendered to the Company for exchange to [●] Series 2-P, [●] Series 2-Q, and [●] Series 2-R Preferred Shares. The Series 2-P, 2-Q, and 2-R Offer Shares will be issued to the tendering shareholders on October 24, 2025.

The issuance of the Series 2-P, 2-Q, and 2-R Offer Shares is an exempt transaction pursuant to Section 10.1(j) of the SRC.

Issuance of Series 2 Preferred Shares - Series 2-S Preferred Shares, Series 2-T Preferred Shares, and Series 2-U Preferred Shares

On August 7, 2025, the Board of Directors of SMC authorized the public offering of ₱19,999,995,000.00 worth of 266,666,600 Series 2 Preferred Shares with an oversubscription option of up to ₱10,000,005,000.00 worth of 133,333,400 Series 2 Preferred Shares at an offer price of ₱75.00 per share, to be issued in three subseries, namely Series 2S Preferred Shares, Series 2T Preferred Shares and Series 2U Preferred Shares.

Consent Solicitation to the Holders of Fixed-Rate Bonds

On September 8, 2025, the Company launched a consent solicitation to the holders of its outstanding Philippine peso bonds, seeking to obtain their consent: (i) to waive the application of the negative pledge covenant in respect of the grant by San Miguel Holdings Corp. (“**SMHC**”), a Material Subsidiary of the Company, of security interest over certain shares it owns in New NAIA Infra Corp (“**NNIC**”) pursuant to project financing undertaken by NNIC, prior to SMHC becoming a Material Subsidiary; and (ii) to the amendment of the definition of: (a) “Material Subsidiary”, to increase the relevant thresholds from 25% to 30%, and (b) “Permitted Liens”, to include additional carve outs in relation to liens relating to project financing.

Unless earlier terminated or further extended by the Company, the consent solicitation will end at 12:00 noon on October 22, 2025.

Petron

Issuance of the ₱32,000 Million Series G, Series, H and Series I Fixed Rate Peso-denominated Bonds

On July 7, 2025, Petron issued and listed on the PDEX a total of ₱32,000 million Fixed Rate Peso-denominated Bonds.

The bonds consist of: (i) ₱15,910 million Series G Bonds maturing in 2030 with an interest rate of 6.5945% per annum; (ii) ₱4,604 million Series H Bonds maturing in 2032 with an interest rate of 6.9761% per annum; and (iii) ₱11,486 million Series I Bonds maturing in 2035 with an interest rate of 7.3896% per annum.

The proceeds of the bond issuance shall be used for: (a) the payment of Series D and Series E Fixed Rate Peso-denominated Bonds, maturing on October 19, 2025 and October 12, 2025, respectively; and (b) other existing indebtedness.

San Miguel Global Power

Purchase of Common Shares of Meralco

On July 23, 2025, August 22, 2025, and September 22, 2025, San Miguel Global Power purchased 43,229,796 common shares, 1,034,624 common shares, and 670,190 common shares of Manila Electric Company (“**Meralco**”), respectively, at ₱90.00 per share from Land Bank of the Philippines through a special block sale crossed through the Philippine Stock Exchange, by virtue of the Deed of Absolute Sale of Shares executed by the parties.

Issuance of US\$223 Million SPCS in Exchange for Certain Existing Securities and US\$177 Million Additional New Securities

On July 24, 2025, San Miguel Global Power completed the issuance of US\$400 million SPCS with an initial distribution rate of 8.95% per annum, consisting of: (i) US\$223 million SPCS issued in exchange for certain existing securities namely: (i) the 7.00% SPCS issued on October 21, 2020 and December 15, 2020; and (ii) the 5.70% SPCS issued on January 21, 2020, pursuant to the exchange offers; and (ii) US\$177 million SPCS issued pursuant to the additional new securities issuance.

Availment of Term Loans by San Miguel Global Power

On August 11, 2025, SMGP availed ₱1.6 billion, ₱3.4 billion, ₱0.4 billion, and ₱4.7 billion fixed-rate notes from a ₱10,200,000 Trust Agreement executed on July 30, 2025, and will mature in 2028, 2030, 2032, and 2035, respectively.

The proceeds will be used for refinancing of existing obligations of SMGP and for general corporate purposes.

STRENGTHS AND STRATEGIES

Strengths

SMC believes that its principal strengths include the following:

Diversified platform with broad exposure to the growth of the Philippine economy

While the Philippines experienced slower GDP growth in the 2nd Quarter of 2025, at 5.5%, relative to the previous year's expansion of 5.4%, growth marked the 11th consecutive quarterly expansion since the country's initial recovery from the pandemic. The Philippines has one of the youngest demographics in Southeast Asia attractive for long-term economic growth with a median age of 25 years in 2020, also according to the PSA.

SMC is one of the largest and most diversified conglomerates in the Philippines by revenues and total assets. SMC is broadly exposed to the Philippine economy through its market-leading businesses in various sectors, including beverages, food, packaging, fuel and oil, energy, infrastructure, cement, and property development and investments in car distributorship and banking services. This diversified portfolio aligns SMC to key sectors that it believes will benefit from the forecast growth of the Philippine economy.

Synergies across businesses

SMC believes there are significant opportunities to develop and increase synergies across many of its businesses, including:

Ancillary business opportunities: SMC believes there are opportunities within its food and beverage and packaging businesses to promote growth in its energy, infrastructure, and fuel and oil businesses, by using the relevant areas to conduct the Company's activities. Initiatives would include building of service stations and retail outlets along toll roads which also serves as an opportunity for its products from various businesses. Currently, SMC is pursuing several initiatives that will create possible savings and help promote its different brands. The Company and its businesses are evaluating the potential establishment of a unified rewards program for customers of various San Miguel products and services that Petron Service Stations, Monterey Meat Shops, Treats and BankCom can offer in a retail level/end consumer level. SMC has established <https://www.sanmiguelmart.ph> (formerly the "[thehub.sanmiguel.com.ph](https://www.thehub.sanmiguel.com.ph)") an online e-commerce platform which made available the different products of SMFB and Petron. Another opportunity is maximizing the use of its radio-frequency identification technology (RFIDs) used for toll fee payment in toll roads, by expanding its access to the different Petron Service Stations and SMFB outlets.

Immediate distribution channel: The extensive retail distribution network of SMC provides an effective platform for roll-out of new products and services. For example, Petron's Treats stores in its service stations have been used as outlets for SMC's different products.

Economies of scale: SMC believes the size and scale of its distribution network operations provide significant economies of scale and synergies in production, research, and development, distribution, management and marketing.

Integration: SMC plans to continue pursuing vertical integration across the established and strategic businesses. SMC's integration strategies range from supplying the fuel and oil and power requirements to providing a total packaging solution of its various businesses. Sales bundling through existing and new channels has also been expanded. Monterey stores are now tied-up with San Miguel Foods' online ordering system and *Treats* stores in Petron service stations are now carrying a wider portfolio of SMC products.

Use of Technology: SMC continue to utilize its online ordering system, <https://www.sanmiguelmart.ph> - an online one (1)-stop shop which promotes a safer and more convenient way for consumers to order SMC products. The increased use of e-commerce platforms also greatly improved product availability, providing more consumers not only convenience, but also added safety.

Strong brand equity in the Philippines with an over 100-year legacy

Many of the businesses of SMC are leaders in their respective markets.

Food and Beverage: SMFB holds market-leading positions across various food and beverage categories, supported by substantial addressable markets and strong growth potential. It offers a comprehensive platform with a broad and complementary portfolio spanning beer and NAB, spirits, and food products, featuring a wide range of trusted brands across six categories that cater to the full spectrum of the growing domestic population. SMFB's beer business has maintained a leading market share by volume of over 90%, a position it has consistently held since 2000, based on company estimates. The Spirits business likewise holds a dominant market position in the gin category, with market share of 99.5% as of June 30, 2025, according to the company's estimates.

For over a century, SMFB has been woven into the fabric of Filipino life, present at every meal and celebration. Guided by its "Celebrating Life" slogan, SMFB products are central to everyday moments of nourishment and enjoyment, while also playing a meaningful role in fostering connections among families and friends. Its world-class portfolio of beer and NAB, spirits, and food products is crafted to suit all occasions, from daily meals to life's most memorable events, and continues to evolve in line with changing consumer tastes and preferences.

Packaging: The Packaging Group has one of the largest packaging operations in the Philippines, producing glass containers, metal crowns and caps, plastic crates, pallets and other plastic packaging, aluminum cans, paper cartons, flexibles packaging and other packaging products and services, such as beverage toll filling for aluminum cans, PET and glass bottles as well as logistics services. The packaging business is the major source of packaging requirements of the other business units of SMC. It also supplies its products to customers across the Asia-Pacific region, the United States, and Australasia, as well as to major multinational corporations in the Philippines, including Coca-Cola Europacific Aboitiz Philippines, Inc., Nestle Philippines, Inc. and Pepsi Cola Products Philippines, Inc.

As of June 30, 2025, the Packaging Group has 31 packaging facilities located in the Philippines (glass, molds for glass and plastics, metal, PET, composite, paper, toll filling and logistics services), in China (glass, plastic, paper and trading of packaging products), Vietnam (glass and metal), Malaysia (composite, plastic films, woven bags and radiant/thermal liners), Australia (trading of packaging products, plastic manufacturing, wine closures, wine filling facilities, retail/online packaging, cargo protection and materials handling) and New Zealand (trading and plastics manufacturing).

Aside from extending the reach of the packaging business overseas, these facilities also allow the Packaging Group to serve the packaging requirements of SMB breweries in China, Vietnam, Indonesia and Thailand.

Fuel and Oil: Petron is a leading integrated oil refining and marketing company in the Philippines, with a retail market share of 39.2% of the Philippine oil market as of June 30, 2024, in terms of sales volume based on Petron estimates using its internal assumptions and calculations and industry data from the DOE. In the Philippines, Petron owns and operates the only petroleum refinery complex, with a total crude oil distillation capacity of 180,000 barrels per day. Through its network of approximately 1,800 retail service stations in the Philippines as of June 30, 2025, Petron sells gasoline, diesel, and kerosene to private motorists and to the public transport sector. Approximately 50% of service stations are company-owned-dealer-operated service stations ("**CODOs**") and 50% are dealer-owned dealer-operated service stations ("**DODOs**").

As of June 30, 2025, Petron's LPG distribution network includes more than 2,200 branch and franchise stores where Petron sell its LPG brands Petron Gasul and Fiesta Gas to households and other consumers. Meanwhile, Petron's Lubes

distribution network includes around 60 car care centers and around 1,650 service stations selling lubes.

Energy: SMGP, together with its affiliates, subsidiaries, associates and joint ventures, is one of the largest power companies in the Philippines, controlling an aggregate of 6,080 MW, as of December 31, 2024 based on the ERC Resolution on Grid Market Share Limitation. SMGP benefits from a diversified power portfolio, including natural gas, coal, renewable energy such as hydroelectric power and BESS. Based on the total installed generating capacities reported in the Energy Regulatory Commission (“ERC”) Resolution No. 07, Series of 2025 dated March 13, 2025 (“ERC Resolution on Grid Market Share Limitation”) and corresponding press release dated March 17, 2025 issued by the ERC (using January to December 2024 operations data for generation facilities), SMC’s market share was approximately 22% of the National grid, 28% of the Luzon grid, 5% of the Visayas grid and 9% of the Mindanao grid.⁸ Market share is computed by dividing the relevant installed generating capacity for the period by the total installed generating capacity of Luzon grid, Visayas grid, Mindanao grid or National grid (19,419,592 kW, 3,383,868 kW, 4,292,583 kW and 27,096,046 kW, respectively, based on data provided under the ERC Resolution on Grid Market Share Limitation). In addition, SMGP is engaged in distribution and retail electricity services and has various power projects in the pipeline.

Infrastructure: SMHC has become one of the major infrastructure companies in the country, with concessions in toll roads, airports, mass rail transit, and bulk water supply. SMHC has concession rights to approximately 1,162.52 kilometers of total road length serving Metro Manila and other fast-growing regions of Luzon.

Cement: The cement business group is a fairly new addition to the already diverse business of SMC. This new business, nonetheless, placed a strong market presence through its component cement businesses in Luzon, particularly, Northern Cement Corporation and Eagle Cement Corporation, which have already established its respective reputation in cement production and domestic sales. These cement businesses operate cement plants with new integrated cement manufacturing lines showcasing sustainable, environment-friendly, world-class and state-of-the-art equipment capable of producing high quality cement with strengths above and beyond the prescribed specifications.

Additionally, SMC expanded its market presence in Mindanao by establishing a cement grinding facility operated by its subsidiary, Southern Concrete Industries, Inc., which adopted all the processes, technologies, and strategies from NCC.

Well-positioned to benefit from strong macroeconomic fundamentals in the Philippines

SMC is well-positioned for significant future growth. The food and beverage and packaging businesses continue to provide stable cash flow, while its fuel and oil, energy, infrastructure, and cement businesses have grown significantly and have enabled SMC to expand its ability to generate higher returns.

Food and Beverage: SMFB is strategically positioned to capitalize on the growing demand for food and beverage products, driven by the Philippines’ sustained economic growth, accelerating urbanization, favorable demographics, and evolving consumer tastes and preferences. Internationally, SMFB’s beer brands continue to gain traction, with increasing sales and brand recognition in key overseas markets, including Indonesia, Thailand, Singapore, Hong Kong, the Middle East, United States, and the broader Asia-Pacific region.

In the domestic market, GSMI continues to expand its liquor business across the Philippines. Meanwhile, the Food Division is streamlining operations to improve profitability in core segments such as poultry, feeds, meat, and flour by optimizing supply chain synergies and focusing on stable-priced and value-added products to increase margins. SMFB’s food and beverage businesses consistently introduce new products and innovative packaging formats to drive consumer interest, expand the market, and meet the needs of a more diverse and fast-growing population, particularly in high-growth areas.

Packaging: The Packaging Group aims to provide a total packaging solution to be able to serve a wide spectrum of customers thereby increasing its potential for higher growth. It also aims to benefit from trade liberalization and globalization in the ASEAN region as it further expands its exports market. Increasing environmental awareness also provides opportunities to produce more environmentally friendly products such as the use of heavy metal free paint for the design of glass containers, use of cullets for glass manufacturing as well as plastic regrinds for plastics manufacturing. The Packaging Group plans to improve margins by developing alternative sources of raw materials and optimizing recycling efforts to lower its material costs.

⁸ The ERC press release dated March 17, 2025 setting out the market share of the five largest players in the generation sector noted that certain industry developments, including change in ownership of some large generation facilities, have not been reflected yet. Accordingly, market share is subject to adjustment, including the change in ownership of the Ilijan Power Plant. In addition to the installed generation capacity attributable to SMGP, the ERC press release includes 183 MW attributable to Petron Corporation, an affiliate of SMGP through SMC.

Fuel and Oil: Petron operates an integrated oil refining and marketing company in the Philippines and Malaysia, which it believes have favorable oil industry dynamics. The Philippines operates under a free market scheme with movements in regional prices reflected in the pump prices on a weekly basis. Malaysia, on the other hand, operates under a regulated environment and implements an automatic pricing mechanism (“**APM**”) that provides stable returns to fuel retailers. Under this program, the government provides subsidies to oil companies if the pump price is lower than the price set per APM and conversely, the oil companies pay duties to the government if the pump price is higher than the APM price.

Petron owns refineries, in both the Philippines and Malaysia, capable of producing finished petroleum products. Petron believes that the downstream oil market in the Philippines and Malaysia are still underserved and has strong potential for growth. To capture this growth and further strengthen its market position, Petron will embark on: (i) implementing competitive pricing programs to boost volumes; (ii) strategically expanding its retail outlets for fuels, and LPG to improve accessibility and availability to its customers ; (iii) improving productivity of existing service station and other sales networks; (iv) introducing new products with differentiated and superior qualities; (v) expanding lubes distribution network by putting up more sales channels such as new lubes outlets, sales centers and car care centers, and penetrating non-traditional outlets such as auto parts and repair shops; (vi) continuing to strengthen and expand its non-fuel businesses by improving the Treats convenience stores and leasing additional service station spaces to food chains, coffee shops and other consumer services or franchising those establishments to provide “value conscious” customers with a one-stop full-service experience; and (vii) intensifying its dealer and sales personnel training to further improve customer service experience.

As of June 30, 2025, Petron had ten (10) product terminals, a PME plant, a network of around 810 retail service stations, and about 320 Treats convenience stores in Malaysia. Petron has presence in the aviation segment with a 20% ownership of a multi-product pipeline to Kuala Lumpur International Airport (“**KLIA**”). The joint venture through which Petron owns its interest in the multi-product pipeline also owns a fuel terminal, the Klang Valley Distribution Terminal.

Energy: Demand for electricity in the Philippines is expected to continue to grow. According to the Philippine Energy Plan 2023-2050 published by the DOE, to meet the projected electricity demand including reserve requirements by 2050, the power system capacity addition that the Philippines will need is 122,708 MW under the reference scenario and an additional 129,681 MW under the clean energy scenario with the expected entry of more renewable energy power projects, which is broken down as follows: 2,305 MW for coal, 21,881 MW for natural gas, 20 MW for oil-based and 98,503 MW for renewable technology under the reference scenario and 2,305 MW for coal, 15,989 MW for natural gas, 20 MW for oil-based and 106,569 MW for renewable technology, and 4,800 MW for nuclear and other technologies under the clean energy scenario. Moreover, based on SMGP’s estimates, despite the continuing build-up of installed capacity, net reliable capacity remains insufficient to meet peak demand. This considers the entry of variable capacities, composed primarily of intermittent renewable energies such as solar and wind, as well as the introduction of flexible technologies, such as BESS, which compensate for the intermittency of the variable capacities.

Given the gap between projected electricity demand and committed power projects, SMGP expects that there will be a power supply shortage in the medium term until new capacity is built to meet the growing consumption.

SMGP believes it is well-positioned to take advantage of opportunities from continued growth in the Philippine electricity market, as well as from the expected power supply shortage. According to the DOE, as of April 2025, around 4,763 MW of dependable coal capacities are between 11 and 30 years old, while 420 MW are 36 years and older. As such, these coal generation capacities may be more prone to unscheduled shutdowns. To meet this need, SMGP has a defined roadmap to increase capacity by developing greenfield power plants and pursuing opportunities to invest in renewable energy projects, particularly in hydroelectric power and solar power projects and complementary technologies such as BESS.

Infrastructure: SMHC believes there are significant opportunities in building or acquiring infrastructure assets in a growing economy that has historically under-invested in infrastructure. These infrastructure projects are expected to support and contribute to the continued growth of the Philippine economy. Thus, SMHC believes its long-term concessions and obtaining new long-term concessions from the Government’s infrastructure projects in the pipeline will provide strong and stable cash flows.

Cement: Cement is the key ingredient for roads, infrastructures, and other development necessary for the delivery of services to the Filipino people, which makes the demand for cement constant, continuing and increasing. The growth of government infrastructure projects, as well as the emergence of private construction projects and residential housing

projects spurs the need for cement, which promotes the development of the cement industry. In turn, the steady supply of cement assures the continuity of infrastructure projects, which is one of the key drivers of economic growth of the nation.

However, the rising cost to produce of cement may affect the cost of construction, which may, in turn, contributes to inflation due to increased spending on real estates. Furthermore, the rising cost also results in delay of completion of projects.

Nonetheless, the cement business positions itself to be resilient through implementing process improvement and cost containment measures, and investment in modern, state-of-the-art equipment designed to efficiently produce higher volume at lower cost. With this, the cement business is able to maintain the quality of its products at competitive prices, making it highly demandable and desirable choice for all projects.

Operating businesses provide sustainable streams of income and cash flows

SMC's Food and Beverage and Packaging businesses have historically provided the Company with a sustainable stream of income and have demonstrated resilience during the global financial crisis and provided SMC with a strong financial base from which to pursue its diversification strategy. For the year ended December 31, 2024, the food and beverage and packaging businesses provided 28.0% of consolidated sales and 34.7% of total EBITDA of SMC, respectively. For the year ended December 31, 2024, the fuel and oil and energy businesses contributed 68.1% of consolidated sales and 43.7% of total EBITDA of SMC, respectively. On the other hand, for the year ended December 31, 2024, the infrastructure and cement businesses and others contributed 4.6% of consolidated sales and 17.4% total EBITDA, respectively.

Highly visionary, cohesive, and experienced management team

SMC has a highly experienced and loyal senior management team that has been with their respective businesses for an average of over 20 years. The management team has a deep knowledge and understanding of the Philippine operating environment and has been able to effectively manage the group of SMC companies through periods of crisis and instability in the Philippines. The management team has successfully directed the diversification strategy of SMC into energy, infrastructure and other businesses. SMC has expanded its expertise in managing its various businesses by retaining key management personnel from acquired companies in order to maintain their expertise and leverage their industry experience.

Strong commitment to social responsibility and sustainability

Sustainability has always been an integral part of the Company's operations. It manifests *malasakit* by taking care of host communities, doing good and working to make life better for the people. SMC has gone beyond mitigating the problems of climate change or social inequality. It has established a framework for sustainability with three (3) sustainability agendas anchored on the Company's mandate to help in nation-building – namely **Good for the Planet or 'Kalikasan'** which aims to protect and nurture the environment, **Good for People or 'Kalinga'** which aims to uplift the well-being of the people in its organizations and its communities, and **Good for Progress or 'Kasaganahan'** which aims to promote inclusive economic growth and progress in the society. Its targets are anchored on the United Nations Sustainable Development Goals (UN SDGs) with overarching goals envisioned over three (3) horizons – 2030 as the more urgent and interim timeline, 2040 as the intermediate outlook, and 2050 as the long-term path, which are namely (1) Establish a circular economy approach by 2040, (2) Net Zero by 2050, (3) At least 15 million uplifted people by 2030, and (4) a fully sustainable and ethical supply chain by 2040.

Strategies of SMC

The principal strategies of SMC include the following:

Enhance strategic value and operating efficiencies among and within businesses

SMC aims to enhance the strategic value and operating efficiencies among and within businesses by pursuing operational excellence, brand enhancement, improving product visibility, targeting regions where SMC has lower market share, implementing pricing strategies and pursuing efficiencies.

Expand or diversify into businesses that contribute significantly to nation building, job creation, and economic growth

In addition to organic growth, SMC intends to continue to seek strategic acquisition opportunities or project proposals to position itself for the economic growth and industrial development of the Philippines that will significantly contribute to nation building and job creation.

Identify and pursue synergies across businesses through vertical integration, platform matching and channel management

SMC intends to create an even broader distribution network for its products and expand its customer base by identifying synergies across its various businesses. In addition, SMC continues to pursue plans to vertically integrate its production and distribution facilities for its food and beverage, packaging, energy, fuel and oil, infrastructure, and cement businesses to enable additional cost savings and efficiencies, as well as, match platforms and strengthen its channel management.

Strengthen sustainable business strategies across all operations, and continue to adopt world-leading best practices

SMC intends to strengthen sustainable strategies across all operations by leveraging its financial resources and experience to continue introducing innovative products and services. Potential investments to expand existing businesses in food and beverage facilities, constructing new power plants and infrastructure projects and the continued expansion of its various businesses. SMC believes its strong domestic market position and brand recognition provide an effective platform to develop markets for its expanding product portfolio. SMC plans to continue to invest in and develop businesses that it believes have the potential to gain leading positions in their respective markets.

SMC continues to develop strategic partnerships with global industry leaders. SMC's current partners include Kirin for beer, Hormel Netherlands B.V. for processed meats, K-Water for power and NYG, Fuso and Can-Pack for packaging products. These partnerships provide access to the latest technologies and expertise in these technologies, marketing and expansion opportunities and sharing of best practices, thereby enhancing its status as a world-class organization.

Integrate long-term sustainability goals into decision-making processes to foster a culture of environmental and social accountability

SMC believes that embedding a sustainability mindset in decision-making is a key factor to success. Sound business decisions are made when environmental and social risks and opportunities are considered alongside financial returns and growth objectives.

When the Company released its first comprehensive sustainability report in 2023, it disclosed its sustainability agenda including four (4) overarching goals aligned to the United Nations Sustainable Development Goals (U.N. SDGs): (1) Establish a circular economy approach by 2040, (2) Net Zero by 2050, (3) At least 15 million uplifted people by 2030, and (4) a fully sustainable and ethical supply chain by 2040. Having committed itself to these objectives, it has become even more imperative to evaluate investments and projects by looking at their contribution to achieving these goals.

One of the first initiatives was to set up the governance mechanism for sustainability to ensure effective oversight and implementation of our sustainability agenda. This mechanism, with the Board of Directors at its core, ensures that sustainability is a key part of our operations at every level, encouraging a company-wide culture of environmental and social responsibility. The Board Sustainability Committee oversees the Company's sustainability strategies and closely monitors our ESG performance. The President and CEO spearheads SMC's sustainability efforts at executive level, including addressing the broader impacts of climate change. The Corporate Sustainability Office supports the President and CEO by helping shape strategy, set targets and track performance. At the operational level, sustainability leads and working teams drive the execution of ESG initiatives within their respective businesses.

Thus, SMC's businesses have been actively participating in crafting roadmaps and setting milestones to the goals. They have been supported in this endeavor with training in sustainability, creating awareness of global concerns, understanding individual and collective responsibilities, and building a culture of accountability for outcomes. To date, there are multiple initiatives that demonstrate how the Company is progressing towards its goals.

Building a circular economy starts with the longstanding practice of returnable glass bottles for beer, recycled glass cullets for packaging and spent brewers grains for animal feeds. Coal ash for cement and plastic waste for energy come next, even as the businesses reinforce and expand circularity practices already in place. The efforts towards Net Zero start with energy efficiency initiatives across all operations, and move on to expanding renewable energy capacity in

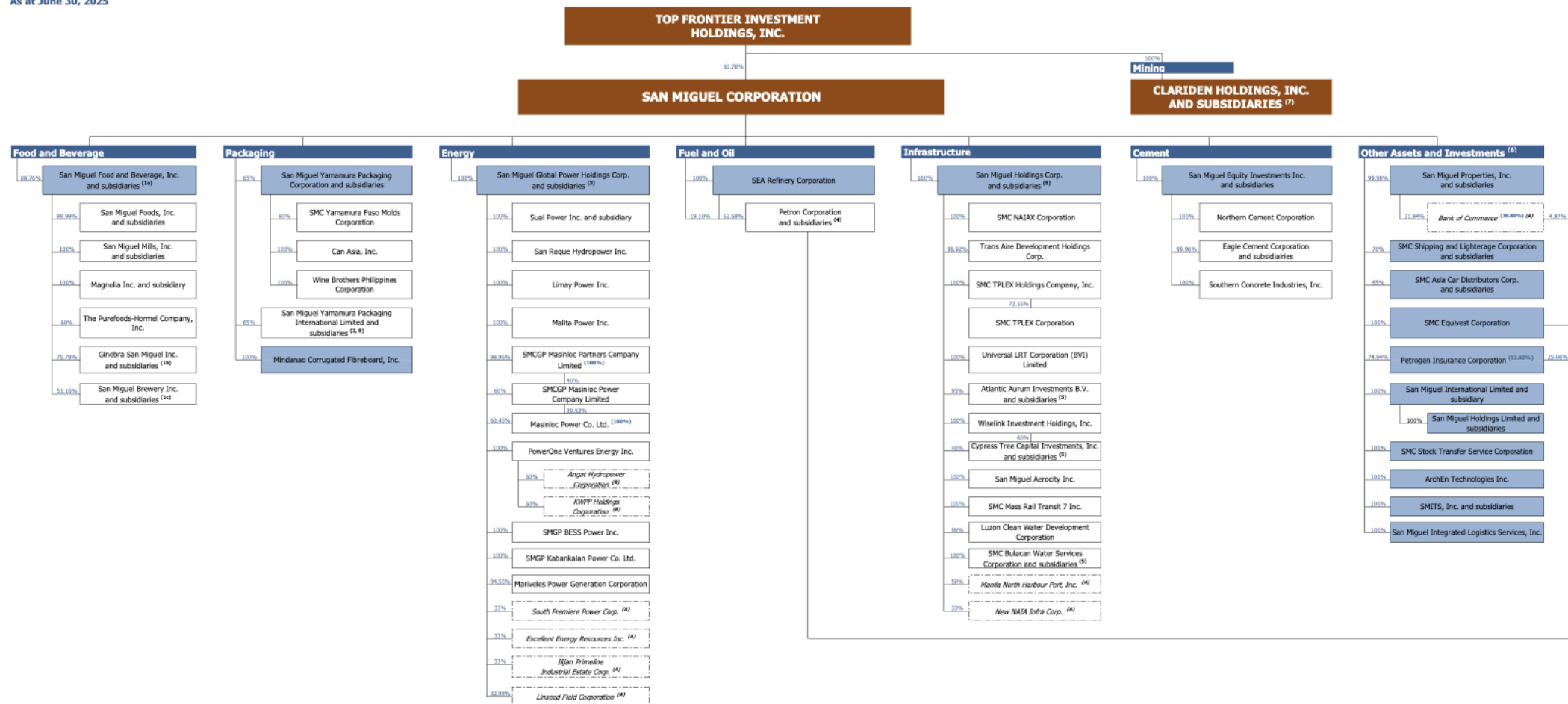
the Company's portfolio and mitigating emissions through nature-based offsets. Uplifting people comes more intrinsically, with multiple infrastructure projects completed and more under development, increasing accessibility and productivity, and multiplying jobs. Community-based projects are also part of this endeavor, and encompass education, health, livelihood and empowerment. Involving our supply chain in our sustainability journey is anchored on our own policies and practices as this calls for leading by example. Our plans include supplier's training, engagement and eventually, audits, to build the fully sustainable and ethical supply chain that SMC envision.

SMC, together with all its businesses, are working on roadmaps and setting time-bound metrics for each goal that will make the Company accountable and ensure progress towards its goals.

SMC CORPORATE STRUCTURE

The table below presents a summary of the corporate organization of SMC as of June 30, 2025

SAN MIGUEL CORPORATION
GROUP STRUCTURE *
As at June 30, 2025



* The group structure includes the Parent Company, Top Frontier Investment Holdings, Inc., its co-subsidiary, Clariden Holdings, Inc. and its subsidiaries and San Miguel Corporation's major subsidiaries, associates and joint ventures.

Note:

^(A) Associate

^(B) Joint Venture

I. Subsidiaries

1. San Miguel Food and Beverage, Inc. subsidiaries also include: (a) San Miguel Super Coffeemix Co., Inc., PT San Miguel Foods Indonesia and San Miguel Foods International, Limited and subsidiary, San Miguel Foods Investment (BVI) Limited and subsidiary, San Miguel Pure Foods (VN) Co., Ltd.; (b) Ginebra San Miguel Inc. subsidiaries including Distileria Bago, Inc., and East Pacific Star Bottlers Phils Inc. and (c) San Miguel Brewery Inc. subsidiaries including Iconic Beverages, Inc., Brewery Properties Inc. and subsidiary and San Miguel Brewing International Limited and subsidiaries including, San Miguel Brewery Hong Kong Limited and subsidiaries, PT. Delta Djakarta Tbk. and subsidiary, San Miguel (Baoding) Brewery Co., Ltd., San Miguel Brewery Vietnam Company Limited, San Miguel Beer (Thailand) Limited and San Miguel Marketing (Thailand) Limited. San Miguel (Baoding) Brewery Co., Ltd. and PT San Miguel Foods Indonesia are in the process of liquidation as at June 30, 2025.
2. San Miguel Yamamura Packaging International Limited subsidiaries include San Miguel Yamamura Phu Tho Packaging Company Limited, San Miguel Yamamura Glass (Vietnam) Limited, San Miguel Yamamura Haiphong Glass Company Limited, Zhaoqing San Miguel Yamamura Glass Company Limited, Foshan San Miguel Yamamura Packaging Company Limited and subsidiary, San Miguel Yamamura Packaging and Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd. and subsidiary, Packaging Research Centre Sdn. Bhd., San Miguel Yamamura Plastic Films Sdn. Bhd., San Miguel Yamamura Australasia Pty Ltd and subsidiaries including SMYC Pty Ltd. and subsidiary, Foshan Cospak Packaging Co Ltd., SMYV Pty Ltd, SMYP Pty Ltd and subsidiary, SMYBB Pty Ltd, SMYJ Pty Ltd and Vinocor Ltd.
3. San Miguel Global Power Holdings Corp. subsidiaries also include San Miguel Electric Corp., SMC PowerGen Inc., SMC Power Generation Corp., Albay Power and Energy Corp., Lumiere Energy Technologies, Inc., Central Luzon Premiere Power Corp., Oceantech Power Generation Corporation and subsidiary and Prime Electric Generation Corporation and subsidiary.
4. Petron Corporation subsidiaries include Petron Marketing Corporation, Petron Freeport Corporation, Overseas Ventures Insurance Corporation Ltd., New Ventures Realty Corporation and subsidiaries, Mema Holdings Inc. and subsidiaries, Petron Singapore Trading Pte., Ltd., Petron Global Limited, Petron Oil & Gas Mauritius Ltd. and subsidiary, Petron Oil & Gas International Sdn. Bhd. and subsidiaries including Petron Fuel International Sdn. Bhd., Petron Oil (M) Sdn. Bhd. And Petron Malaysia Refining & Marketing Bhd. (collectively Petron Malaysia), Petron Finance (Labuan) Limited and Petrochemical Asia (HK) Limited and subsidiaries.
5. San Miguel Holdings Corp. subsidiaries also include Alloy Manila Toll Expressways, Inc., SMC Infraventures Inc. and subsidiary, SMC Skyway Stage 4 Corporation, Pasig River Expressway Corporation, Intelligent E-Processes Technologies Corp., SMC Northern Access Link Expressway Corp., SMC Southern Access Link Expressway Corp., South Luzon Toll Road-5 Expressway Inc., TPLEX Operations and Maintenance Corporation, SMC NBEX Inc., SMC CBEX Inc., SMC PLEX Inc., and SMC TPLEX Extension Infrastructure Corp.

Atlantic Aurum Investments B.V. and subsidiaries include SMC Tollways Corporation and subsidiaries including Stage 3 Connector Tollways Holdings Corporation and subsidiary, SMC Skyway Stage 3 Corporation, and SMC Skyway Corporation and subsidiary, Skyway O&M Corporation, SMC SLEX Holdings Company Inc. and subsidiaries, Manila Toll Expressway Systems Inc. and SMC SLEX Inc.

Cypress Tree Capital Investments, Inc. and subsidiaries include Star Infrastructure Development Corporation and Star Tollway Corporation (collectively the Star Tollways Group).

SMC Bulacan Water Services Corporation and subsidiaries include Obando Water Company, Inc. and Bulakan Water Company, Inc.
6. Other Assets and Investments also include Anchor Insurance Brokerage Corporation, Davana Heights

Development Corporation and subsidiaries, Silvertides Holdings Corporation and subsidiary, Deity Holdings Corporation, Fonterra Verde Holdings Inc., One Verdana Holdings Inc. and Worldsummit Holdings Corporation.

San Miguel Properties, Inc. subsidiaries include SMPI Makati Flagship Realty Corp., Bright Ventures Realty, Inc. and Tierra Verdosa Services Corp. (formerly Tierra Verdosa Real Estate Services, Inc. effective October 21, 2024).

SMC Shipping and Lighterage Corporation and subsidiaries include SL Harbor Bulk Terminal Corporation.

San Miguel Holdings Limited subsidiaries include San Miguel Insurance Company, Ltd.

II. Co-Subsidiary

7. Clariden Holdings, Inc. subsidiaries include V.I.L. Mines, Incorporated, Prima Lumina Gold Mining Corp., Excelon Asia Holding Corporation, New Manila Properties, Inc. and Philnico Holdings Limited and subsidiaries including Pacific Nickel Philippines, Inc., Philnico Industrial Corporation and Philnico Processing Corp. (collectively the Philnico Group).

EMPLOYEES

As of June 30, 2025, SMC had a total of 59,884 regular employees. Substantially all of the employees are based in the Philippines and other areas in the Asia-Pacific region. As of June 30, 2025, the approximate number of employees in each of the businesses is set forth below:

Number of Employees

Business	Number of Regular Employees
Food and Beverage	9,944
Packaging	2,574
Fuel and Oil	2,366
Energy	3,127
Infrastructure	5,056
Cement	1,256
Other Operations and Investments	<u>35,561</u>
Total	59,884

Number of Employees by Employee Category

Employee Category	Number of Regular Employees	Number of Employees Covered by CBA	Number of Employees Not Covered by CBA
Officers	436	-	436
Middle Manager Position	1,868	-	1,868
Rank & File	<u>57,580</u>	<u>6,107</u>	<u>51,473</u>
Total	59,884	6,107	53,777

As of June 30, 2025, approximately 10.20% of the regular employees of the SMC Group were parties to various collective bargaining agreements and there are 37 labor unions within the businesses of the SMC Group. The SMC Group maintains good labor relationships and a constant line of communication with its employees. SMC also engages its employees through employee relations programs to maintain a high level of employee satisfaction.

In addition to the statutory benefits, SMC initiates benefits to provide for the increased security of its employees in the following areas: health care, leaves, miscellaneous benefits, loans and financial assistance applicable to a variety of uses, retirement benefits, and survivor security and death benefits.

Within the ensuing 12 months, SMC may require additional hiring of employees to support its business expansion, the number of which cannot be determined.

The Company employs experienced, skilled, and qualified personnel for the management and operation of its business and prioritizes programs that will ensure the retention and continuous engagement of its talent. The Company's attrition rate is still lower than the industry average. The Company ensures that manpower for critical positions is adequately maintained. The Company has an established succession planning program supported by a structured mentoring program for identified replacements of retiring employees to ensure leadership strength and technical knowledge preservation necessary for continued business operation. High-potential employees are given the opportunity to accelerate their development through a structured training program to prepare them for greater roles and responsibilities. The Company also provides the continuing education or learning of employees through an education reimbursement program for post-graduate studies and employees' participation in functional technical courses, conferences, and seminars. SMC believes it has a competitive compensation and benefits package and regularly reviews its employee relations programs to continuously attract, retain and engage talent.

Significant Employees

While the Company values the contribution of each of its employees, the Company believes that there is no employee as of the date of this Offer Supplement that, the resignation or loss of whom, would have a material adverse impact on our business.

DESCRIPTION OF PERMITS AND LICENSES

SMC believes that it has all the applicable and material permits and licenses necessary to operate its business as currently conducted and such permits and licenses are valid, subsisting, or pending renewal.

Particularly, as a holding company, SMC's material permits and licenses necessary for its business as currently conducted, which are valid and subsisting as of the date of this Offer Supplement, are the following:

- Amended Articles of Incorporation and Certificate of Filing of Amended Articles of Incorporation issued by the SEC on July 14, 2015.
- Certificate of Registration issued by the BIR.
- Business Permit issued by the City of Mandaluyong for the year 2025.

For the list of permits and licenses of the Company's material subsidiaries, please refer to Appendix D.

COMPLIANCE WITH ENVIRONMENTAL LAWS

SMC is in compliance with environmental laws, except where such non-compliance will not have a material adverse effect on the business of SMC. On an annual basis, operating expenses incurred by SMC to comply with environmental laws are not significant or material relative to the total costs and revenues of the Company.

ENVIRONMENTAL SOCIAL GOVERNANCE AND SUSTAINABILITY INITIATIVES

SMC works to advance both sustainability and profitability hand-in-hand. With inequality, insufficient access to resources, and lack of social cohesion remaining as challenges that the Philippines is working to address in this era of climate change and global conflict — it is the responsible and right thing to do.

The shared challenges that the nation faces require concerted action of government, the private sector, and the public. A significant part of the SMC's sustainability revolves around tackling pressing problems in society and how its businesses can contribute to solving these issues. At the same time, SMC recognizes that sustainability initiatives can improve business performance and enhance shareholder value.

ESG STRATEGY

As one of the nation's largest, most diversified conglomerates, with revenues equivalent to around 6.0% of the Philippines' GDP in 2023, San Miguel has an enormous impact on the national economy and host communities, from the people it employs, and the downstream business it generates. It plays a critical role in regional and local economies across the country, supporting thousands of jobs in every region.

Sustainability has always been an integral part of SMC long before it became a catchword and a catalyzing force for positive change. Reducing its impact on the environment, fostering social inclusion, and having robust governance practices were integrated and has been part of SMC's culture over the decades. For most of its 133-year history, it has referred to these sustainable practices as part of its corporate value system of *malasakit*—that uniquely Filipino value of helping others without being prodded and without expecting anything in return. It manifests *malasakit* by taking care of the host communities, doing good and working to make life better for people.

SMC has deeply anchored its sustainability agenda on its mandate to help in nation-building. As one of the Philippines' largest and most diversified conglomerates, it has strived to use its businesses as a force for good, helping to create a better world that is not just good for a small few, but is good for everyone. In all parts of the world, people are confronted with the triple threat of climate, conflict, and COVID-19. In the Philippines, SMC ranked 1st on the list of global disaster risk hotspots based on the World Risk Index report. Prices of basic commodities and fuel continue to be affected by the geopolitical crisis. Over seven (7) million Filipinos lost their livelihoods during the pandemic.

As the economic and societal problems continue to beset the Philippines as a developing nation, this makes the sustainability situation in the country severely challenging compared with more developed nations. Thus, SMC operationalize its sustainability agenda under an overarching framework named as “**A Force for Good**”, which articulates its commitment to create positive returns for all the stakeholders and to operate for the long-term benefit of society, the environment, and the country. It embraced a “**World of Good**” agenda that envisions a world of good, where its businesses foster a sustainable future that is “**Good for the Planet**”, to protect and nurture the environment, through urgent climate action, efficient resource management and a circular economy approach; “**Good for People**”, to uplift the well-being of all the lives it touches, including people within the organization and the communities; and “**Good for Progress**”, to promote inclusive economic growth and ensure that progress occurs in harmony with nature and society, so that all may enjoy comfortable, secure and prosperous lives. All these will lead to benefitting present and future generations of Filipinos.

In 2022, SMC embarked on a pivotal journey to advance and elevate the Company's sustainability performance. Working closely with the Board of Directors, top management, and the various businesses, an overarching sustainability blueprint has been developed that embodies San Miguel's purpose and values as well as its hopes and aspirations for a brighter and more prosperous future for all Filipinos. This sustainability blueprint presents the organizational vision and purpose along with the sustainability agenda and targets. Clear and ambitious goals focused on environmental, social, and governance areas have been defined, which are anchored on the United Nations Sustainable Development Goals (UN SDGs) and identified major levers and plays that would help in fully realizing commitments.

The following four (4) targets have been defined namely:

- **Establish a circular economy approach by 2040** by optimizing our resources by eliminating waste and pollution, circulating products and materials at their highest value, and regenerating nature.
- **Net zero by 2050** by minimizing greenhouse gas (GHG) emissions by investing in clean energy technologies and carbon reduction programs.
- **At least 15 million people uplifted by 2030** by creating equitable and transformative pathways to a sustainable future for the employees, customers, communities, nation, and beyond.
- **A fully sustainable and ethical supply chain by 2040** by upholding sustainable best practices across the supply chain ecosystems that will benefit current and future generations

Recognizing SMC's impact areas and ESG issues is a starting point to harness the Company's influence and size. While the biggest challenges are ahead, SMC have a long tradition of successful circular and even regenerative practices. SMC is currently developing a more detailed roadmap that will measure the impact of the Company's sustainability initiatives and likewise identify action steps to achieving and advancing these targets.

FOOD AND BEVERAGE BUSINESS

SMFB is a leading food and beverage company in the Philippines, anchored on a portfolio of highly recognizable, market-leading brands across various categories. Key brands include *San Miguel Pale Pilsen*, *San Mig Light*, and *Red Horse* for beer; *Cali*, *Magnolia Healthtea*, and *Magnolia Fruit Drink* for non-alcoholic beverages; *Ginebra San Miguel* for gin and

Vino Kulafu for Chinese wine; *Magnolia* for chicken, dairy, ice cream, flour mixes, and salad aids; Monterey for fresh and marinated meats; *Purefoods Tender Juicy* for hotdogs; *Purefoods* for other processed refrigerated and canned meats, ready-to-eat meals, and seafood line; *Veega* for plant-based protein food products; *Star* and *Dari Crème* for margarine; *San Mig Coffee* for coffee; and *B-Meg* for animal feeds.

SMFB has three operating divisions—(i) Beer and NAB through San Miguel Brewery Inc. and its subsidiaries, (ii) Spirits through Ginebra San Miguel Inc. and its subsidiaries, and (iii) Food and Animal Nutrition through San Miguel Foods and its subsidiaries. SMFB's extensive distribution network enables it to reach the entire Philippine archipelago, with exports to approximately 70 markets worldwide.

For each of the years ended December 31, 2022, 2023, and 2024, the food and beverage businesses achieved sales of ₱358,853 million, ₱379,822 million, and ₱400,872 million; income from operations of ₱48,711 million, ₱48,411 million, and ₱55,792 million; and net income of ₱34,665 million, ₱38,105 million, and ₱40,933 million, respectively.

For the six-month period ended June 30, 2025, SMFB reported sales of ₱201,200 million, income from operations of ₱30,041 million and net income of ₱22,964 million compared to sales of ₱192,882 million, income from operations of ₱26,641 million, and net income of ₱19,977 million for the six-month period ended June 30, 2024.

The following table sets forth the contribution of the three (3) divisions to total sales for the periods indicated:

Sales ⁽¹⁾	For the years ended December 31,						For the six months period ended June 30,			
	2022		2023		2024		2024		2025	
	₱	%	₱	%	₱	%	₱	%	₱	%
Beverage Business	(in millions, except for percentages)									
Beer and NAB Division	136,230	38.0	147,341	38.8	153,355	38.3	75,073	38.9	74,588	37.1
Spirits Division	47,336	13.2	53,636	14.1	62,503	15.6	29,991	15.6	32,233	16.0
Food Division	175,287	48.8	178,845	47.1	185,014	46.2	87,818	45.5	94,379	46.9
Total		100.							201,20	
	358,853	0	379,822	100.0	400,872	100.0	192,882	100.0	0	100.0

Note:

(1) Represents the external sales of each division and excludes inter-division sales.

Selected operating data for the SMFB for the periods indicated is provided below:

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	₱	₱	₱	₱	₱
Sales	358,853	379,822	400,872	192,882	201,200
Gross profit	97,373	100,600	110,932	52,726	58,116
Gross profit margin ⁽¹⁾	27.1%	26.5%	27.7%	27.3%	28.9%
EBITDA ⁽²⁾	62,729	66,822	73,077	33,928	39,256
EBITDA margin ⁽³⁾	17.5%	17.6%	18.2%	17.6%	19.5%
Net income before tax	45,769	49,878	53,667	26,177	29,842
Net income before tax margin ⁽⁴⁾	12.8%	13.1%	13.4%	13.6%	14.8%

Strengths and Strategies

Strengths

One of the largest and most established consumer companies in the Philippines, with a rich 135-year heritage

SMFB is one of the largest consumer companies in the Philippines, with consolidated net sales of ₱400,872 million and net income of ₱40,933 million in 2024. Its Beer Division, founded in 1890 as La Fabrica de Cerveza de San Miguel, has since become a household name. SMFB's century-long heritage provides it with a deep and unmatched understanding of Filipino consumers, supported by an extensive distribution network and a portfolio of highly recognized brands that offer a significant competitive advantage.

Over the past 135 years, SMFB has consistently demonstrated adaptability, leveraging its operational expertise and consumer insights to lead market trends and successfully enter new categories.

Powerful portfolio of iconic and trusted brands that resonate deeply with SMFB's local consumers

SMFB's portfolio includes brands with long-standing reputations and strong consumer loyalty. *Ginebra San Miguel* was launched in 1834, *San Miguel Beer* in 1890, *Magnolia* in 1925, *B-Meg* in 1953, and *Purefoods* in 1956. The Beer Division is the largest producer of beer in the Philippines by sales and volume, with leading brands like *San Miguel Pale Pilsen*, *Red Horse*, and *San Mig Light*. According to internal company estimates, the Spirits Division core spirits brands, *Ginebra San Miguel* and *Vino Kulafu* are also market leaders in the gin and Chinese wine categories in Philippines at 99.5% and 71.9% volume share, respectively, as of June 30, 2025. Additionally, brands like *Purefoods* (processed meats), *Magnolia* (dairy), and *B-Meg* (animal feeds) lead their respective categories.

Internationally, SMFB has presence in over 70 countries, with *San Mig Light* established as a premium beer brand in Thailand and *Anker Bir*, a top brand in Indonesia. SMFB's beer brands are well-received in tourist markets across Asia and by expats in Hong Kong, where it operates the only local brewery. The Food Division's international footprint is growing in North America, South-East Asia, Australia, and the Middle East.

Leading market positions in high-growth consumer categories

SMFB's businesses hold leadership positions across food and beverage categories with significant growth potential. The Beer Division is the largest producer of beer in the Philippines, with a diversified product portfolio catering to various segments. As of June 30, 2025, the Spirits business had leading market share in the gin category by volume of 99.5%, according to internal company estimates. According to the Kantar (Worldpanel Division), SMFB's Food Division is a market leader by volume in several categories as of the Moving Annual Total (MAT) December 29, 2024, with 47% for hotdogs, 61% for breaded, battered, and fried products, 58% for butter, 94% for refrigerated margarine and 48% for non-refrigerated margarine. In the same period, the Food Division had market shares of 12% for corned meats, 15% for luncheon meats and 23% for cheese.

SMFB products play a vital role in the Filipinos' daily, guided by SMFB's slogan of "Celebrating Life." Its evolving product portfolio reflects changing consumer tastes and is deeply integrated into everyday routines, providing nourishment and enjoyment to families through trusted food brands, while fostering friendships and camaraderie with its world-class portfolio of beer, NAB, and spirit products.

Strong global presence and brand equity

SMB is the 13th largest beer producer globally by volume and was among the top four Asian beer players in by revenue in 2017. SMFB enjoys high strong consumer preference and brand loyalty, for its products and a loyal following, particularly in international markets, which supports allowing it to maintain favorable pricing for its products. The Spirits Division's gin business is also a leader globally with *Ginebra San Miguel*, being recognized as the world's top-selling gin by volume according to GlobalData (2020). The Food Division's leading brands contribute over 85% of the total Food Division's revenue, spanning key categories like such as branded and processed meat, butter and spreadable fats, cheese, ice cream, animal nutrition and health, and protein.

Strategically located production facilities offering competitive advantages

SMFB's production facilities are strategically positioned across the Philippines, enabling wide market coverage and optimized distribution costs.

With seven beer production facilities situated near key consumer markets, SMFB is able to serve all regions efficiently and deliver beer products to market within five to seven days of production, ensuring both availability and freshness. Spirits are produced using fine alcohol sourced from a centralized distillery in Negros Occidental, the country's largest molasses-producing region, and are bottled at five domestic facilities across the country.

SMFB also operates a nationwide manufacturing network composed of feed mills, processing plants, and breeding and growing farms across Luzon, Visayas and Mindanao. The proximity of these facilities to consumer markets, combined with an efficient cold chain system, helps ensure optimal shelf life and minimizes perishability of fresh products. SMFB believes its facilities are among the most efficient in the country, supported by the use of modern technology. These facilities are equipped with automated machines that can manufacture and package products in a variety of formats while maintaining low production costs. Most poultry farms are equipped with tunnel ventilation systems, enabling the production of healthier, higher quality, and more cost-efficient meats.

In addition, SMFB's facilities comply with international standards, including certification from the International Organization for Standardization ("ISO"), Good Manufacturing Practices ("GMP") and Hazard Analysis of Critical Control Points ("HACCP") certifications. The Food Division also adheres strictly to food safety regulations, including mandatory recalls of products that pose potential safety risks. These stringent quality and safety standards are reflected in SMFB's strong track record, with no major food or beverage safety incidents reported in the last five years.

In October 2023, SMFB completed its first mega poultry farm in Hagonoy, Davao del Sur. The facility is equipped with controlled climate technology, automated feeding and watering systems, an air quality monitoring system, and an automated harvesting system. Over the next ten (10) years, SMFB plans to build several more mega poultry plants in strategic locations across the country. These projects are intended not only to reduce logistical costs and make food products more affordable for consumers, but also form part of SMC's broader initiative to strengthen the country's food security.

Extensive nationwide distribution network covering diverse channels

The Philippine archipelago, composed of 7,641 islands and divided into three (3) main regions — Luzon (including Greater Manila), Visayas, and Mindanao — presents distinct macroeconomic and industry dynamics. This unique geographic landscape allows SMFB to derive significant advantage from the scale of its extensive nationwide distribution network.

As the leading player in the Philippines, SMFB's products occupy prime shelf space in groceries, convenience stores, and mom-and-pop stores across the country.

SMFB believes it has the largest and most extensive distribution network in the Philippines. The Beer and NAB Division operates about 50 sales offices, having partnerships with over 400 dealers with its products present in more than 600,000 outlets. The Spirits Division manages 15 strategically located sales offices and coordinates with a network of 95 dealer sites, covering about 158,000 outlets. The Food Division's products are sold through approximately 188,000 points of sale, supported by over 600 dealers, distributors, and food service clients.

SMB is the largest producer of beer in the Philippines and is the largest primary contributor to the beverage business, accounting for 70% of total beverage business sales for the period ended June 30, 2025. GSML is a leading spirits producer in the Philippines and largest gin producer globally by volume for the year in 2018, according to GlobalData, accounting for 30% of total beverage business sales for the same period ended June 30, 2025.

In addition, SMBIL exports beer products to over 70 countries and territories worldwide in North America, South America, Europe, Africa, the Middle East, Australia, and the rest of Asia. International operations accounted for 13% of total Beer volumes for the period ended June 30, 2025.

Consumer insights fuel growth, innovation, and product development

SMFB's strong market research capabilities, extensive reach, and deep relationships with customers, dealers, and distributors enable it to leverage valuable consumer insights. By continuously monitoring consumer preferences and market trends, SMFB anticipates changes in demand and adapts its product offerings accordingly.

Through investment in market research and feedback channels, SMFB develops an optimal and manageable pipeline of new products that address emerging market gaps. Its ability to innovate and introduce new product variants

consistently excites the market, enhances brand loyalty, and meets the evolving preferences of Filipino consumers.

Cost-efficiency initiatives and distinctive business model driving strong profitability

SMFB undertakes a variety of initiatives to reduce raw material and other input costs. For example, the Beer and NAB Division employs an RGB system which, with over 90% retrieval in the past five years, provides a significant competitive advantage by helping manage packaging costs. The Spirits Division controls costs by sourcing raw materials such as sugarcane molasses and alcohol from multiple third-party suppliers under supply contracts in both domestic and international open markets. It has also aggressively promoted bottle recycling, with second-hand bottles accounting for 56% of total bottles used in 2024.

In the Food Division, climate-controlled facilities have improved yields and provided a conducive environment for healthy animal growth. The division continues to explore alternative raw materials, including grains and by-products in the Animal Nutrition and Health segment, as well as alternative protein sources and flavors for the Prepared and Packaged Food segment.

Moreover, SMFB's efficient and modern production facilities enhance overall cost-efficiency. Its best-in-class technologies and processes, applies across all divisions, help reduce waste and maximize production yields. Most production facilities are fully automated, ensuring consistent product quality with minimal spoilage. Brewing production processes are regularly reviewed to optimize output and generate cost savings. Each of the Beer and NAB, Spirits, and Food Divisions have their own research and development ("R&D") teams that regularly monitor and tests production processes to ensure alignment with industry standards and to produce high-quality products at the lowest possible cost.

SMFB believes that its vertically integrated facilities allow it to better manage raw material costs and extract margins along the entire food chain while ensuring superior food safety, traceability, and supply chain reliability. The Food Division's unique "farm-to-plate" business model enables synergies across the food production and distribution process by driving economies of scale through consolidated raw material sourcing, integrated production, and shared sales, distribution, marketing, and support functions. This model also enhances operational flexibility, allowing SMFB to adapt products in response to changing market demand.

Additionally, SMFB achieves further cost efficiencies in distribution. Golden Bay Grain Terminal Corporation, an affiliate company serving both the feeds and flour operations, facilitates shipments using larger vessels, minimizing intermediate handling and leakage and resulting in lower freight and handling costs.

Strategies

San Miguel Food and Beverage's primary long-term objective is to reinforce its leadership as the premier food and beverage company in the Philippines, continuously expand to meet rising consumer demand, and contribute to national food security. Aligned with SMC's commitment to sustainability, SMFB pursues this goal through the following strategic initiatives:

Continued execution of regionally tailored strategies, leveraging SMFB's unique understanding of consumers

SMFB believes that its market-leading positions allow it to capitalize on differentiated consumer insights specific to each region and execute tailored strategies that enhance its nationwide presence.

In line with efforts to expand its reach, particularly in provincial areas, SMFB is establishing additional distribution hubs that will strengthen its network and Improve direct servicing of outlets.

SMFB is also improving product availability by investing in production facilities and logistics infrastructure, such as ports and warehouse, and by increasing the deployment of sales force in these regions to expand penetration and reach in fast-developing key and remote areas.

Capacity expansions to support growing consumer demand

Capacity expansion in key regional markets is a critical element of SMFB's growth strategy to support increasing market demand nationwide, particularly in the provinces. SMFB is expanding its production capacities and manufacturing facilities in strategic areas to better serve growing demand across its business segments. In certain segments, SMFB is

also transitioning from tolled facilities to company-owned facilities to optimize efficiencies, gain better control over costs and quality, and improve margins.

Over the next ten (10) years, SMFB Food Division is set to build several mega poultry farms across the country. The farms will be composed of a mix of elevated and/or multi-tiered farmhouses with ample vertical and horizontal space to allow birds freedom of movement. Each facility will be climate-controlled to maintain optimal temperature and humidity for broiler health and growth. SMFB will employ the latest farming technologies and best practices in animal health and nutrition, enabling it to consistently produce healthy, high-quality chickens that meet consumer demand for safe and affordable products.

The mega poultry farms will ensure consistent capacity availability, complementing SMFB's existing nationwide contract growing program while reducing risks associated with the transfer of contract farms to other poultry integrators. Over time, SMFB aims to establish a well-balanced mix of company-owned farms and a reliable pool of contract growers.

To support this strategy, SMFB is making direct investments in world-class facilities to achieve greater scale and control over its expansion initiatives. A key component is the development of integrated food complexes (IFC), which aim to help strengthen national food security by providing sufficient production capacity, improved cost competitiveness, enhanced product quality, and greater accessibility for consumers across different regions. Each complex is strategically located to maximize logistical advantages, such as deep-water access, proximity to local raw material sources, and convenient access to regional markets. Depending on the location, a typical IFC will include a port or grain terminal, silos and warehouses, a feed mill, breeder farm, hatchery, broiler farm, processing and further processing facilities, cold storage warehouses, and other food manufacturing capabilities such as flour mills or processed meat plants.

These developments are expected to lower production and logistical costs, making food products more affordable for consumers. Expansion efforts in the poultry segment will help mitigate supply volatility and enable more stable pricing. Modern processes and technologies will promote improved animal health and safety, ensuring high product quality. Additionally, IFCs will generate employment opportunities in host communities and will reduce the country's reliance on imported food products.

In October 2023, SMFB's inaugurated its first mega poultry farm in Hagonoy, Davao del Sur. The facility features climate-controlled housing, automated feeding and watering system, air quality monitoring system, and automated harvesting. This project forms part of SMFB's broader initiative to strengthen food security nationwide, which began with the expansion of its beer, feeds, value-added meats, ready-to-eat, and logistics businesses in recent years.

Maintain market leadership positions in core categories while growing the total addressable market through marketing initiatives and new product development

SMFB invests in tailored brand-building and marketing campaigns, as well as targeted new product development (NPD) strategies in each product category. Through these efforts, SMFB aims to further reinforce its leadership positions and expand the total addressable market. SMFB continues to implement innovative consumer promotions, and relevant, consistent, and engaging campaigns, on-ground activations, as well as occasion-creation programs, to strengthen brand demand and defend against competition.

Continue to broaden its distribution footprint and enhance penetration across channels throughout the Philippines

SMFB intends to sustain its strong growth momentum by expanding outlet coverage through promotions and increasing market penetration across all channels. Together with its dealers and distributors, SMFB's sales force plans to put greater focus on serving diverse channels as the number of outlets continues to grow across the Philippines.

SMFB also continues to develop or tap emerging channels, broaden market penetration, and capture growth opportunities through digital platforms across its Beer and NAB, Spirits, and Food Divisions. To support these distribution programs, SMFB will further strengthen its logistics capabilities and infrastructure through warehouse expansions, additional sales offices, and truck and logistics center upgrades.

Continued enhancement of profitability through cost-saving initiatives

SMFB continues to implement efficiency and process innovations, productivity enhancements, cost management measures, and continuous product portfolio reviews. This includes rationalization of unprofitable products and efforts

to enhance price stability across its revenue streams. Through sustained cost-efficiency initiatives, SMFB believes it can improve margins across all divisions.

The IFCs and the mega poultry farms reflect how the Food Division is driving operational efficiencies across its facilities. By design, the IFCs offer a lower-cost operating environment, with co-located and scalable facilities that allow for future expansion.

The mega poultry farms will utilize automation to minimize inputs, manage waste, and preserve carcass quality. Feeds will be delivered from nearby feed mills via bulk trucks and dispensed into hoppers, eliminating the need for traditional plastic sacks. Automated feeding and watering systems will ensure a continuous supply of food and water while minimizing waste. Conveyor belts beneath each tier will efficiently remove manure daily, preventing ammonia build-up and discouraging fly breeding. Automated harvesting systems will transfer the birds into coops and load them onto trucks, eliminating manual handling that can damage the carcass.

Given the scale of operations, waste management will be handled more efficiently through a circular model. Feathers, offal, and mortalities will be rendered into poultry meal for use as a feed ingredient, while poultry manure will be converted into fertilizer and distributed to farmers in nearby communities, particularly corn and cassava raisers who supply SMFB with raw materials.

Exploit synergies across its combined and diversified consumer platform

Through the consolidation of the Beer and NAB, Spirits and Food Divisions, SMFB has built a strong consumer platform with significant potential to further capture both cost and revenue synergies as integration efforts continue.

Cost synergies

SMFB benefits from economies of scale and scope across our beer, spirits, and food businesses. SMFB intends to continue leveraging its strong supplier relationships by enhancing cooperation and coordination among the divisions. Strategically located production and distribution centers across the businesses also offer opportunities to optimize logistics and reduce costs. Consolidating requirements in areas such as market research, management, and marketing initiatives is likewise expected to yield further operational efficiencies and cost savings. Looking ahead, SMFB anticipates greater benefits as it continues to refine these synergies, aligned with its commitment to adopting international best practices in management and production efficiency.

Revenue synergies

With the combined food and beverage business reaching approximately 900,000 outlets covering all channels throughout the Philippines, there is substantial potential for increased coordination across product lines. Leveraging its extensive distribution network, SMFB expects to bring new products to market more quickly while improving trade efficiencies and customer loyalty through enhanced trade and promotional activities for its existing portfolio. The various divisions can also benefit from enhanced market data sharing, allowing SMFB to consolidate insights across businesses to better identify consumer trends and preferences. This would ideally reduce execution risk in launching and scaling region-specific products and initiatives. Using this market intelligence, SMFB can also uncover cross-selling opportunities among the beer, spirits, and food businesses.

Continue to integrate sustainability into the businesses

SMFB recognizes the importance of embedding social, environmental and governance (ESG) considerations into all aspects of its operations. SMFB continues to adopt sustainable development plans and practices in response to the social and environmental issues that impact its business and stakeholders.

Beverage Business

The beverage business involves the brewing, distilling, selling, marketing, and distribution of beer, NAB, and spirits. It is conducted through SMFB's majority-owned subsidiaries: SMB and its subsidiaries, which comprise the Beer and NAB Division, and GSMI and its subsidiaries, which comprise the Spirits Division. As of June 30, 2025, SMFB held 51.16% and 75.78% of the outstanding common capital stock of SMB and GSMI, respectively.

On December 1, 2020, the Board of Directors of GSMI approved the redemption of 32,786,885 preferred shares held

by SMC, with the redemption proceeds paid on January 4, 2021. Following the redemption, SMC no longer held a direct equity interest in GSML, and its indirect equity interest through SMFB increased from 67.99% to 75.78%.

SMB is the largest producer of beer in the Philippines and is the largest primary contributor to the beverage business, accounting for 70% of total beverage business sales for the period ended June 30, 2025. GSML is a leading spirits producer in the Philippines and largest gin producer globally by volume for the year in 2018, according to GlobalData, accounting for 30% of total beverage business sales for the same period ended June 30, 2025.

The beverage business reported combined sales of ₱183,576 million, ₱200,986, and ₱215,867 million for the years ended December 31, 2022, 2023, and 2024, respectively.

For the six-month period ended June 30, 2025, the beverage business reported sales of ₱106,823 million, compared to ₱105,065 million for the same period in 2024.

Beer and NAB Division

The Beer and NAB Division is the largest producer of beer in the Philippines in terms of both sales and volume, offering a wide array of beer products across various segments and markets. Its portfolio includes the top four beer brands in the Philippines, namely *San Miguel Pale Pilsen*, *Red Horse*, *San Mig Light* and *Gold Eagle*. The Beer and NAB Division also produces non-alcoholic beverages such as ready-to-drink tea, ready-to-drink juice, and carbonates. Its flagship brand, *San Miguel Pale Pilsen*, has a 135-year history and was first produced by *La Fabrica de Cerveza de San Miguel*, which began in 1890 as a single brewery producing a single product has since evolved into the diversified conglomerate that is SMC.

In 2009, Kirin acquired a 48.39% shareholding in SMB, of which 43.249% was from SMC and the remaining 5.141% through a mandatory tender offer and purchase from public shareholders. SMC retained majority ownership of SMB, with 51.16% stake. In connection with Kirin's investment, Kirin and SMC entered into a shareholders' agreement that includes provisions on corporate governance and approvals, business cooperation, restrictions on the transfer of SMB shares, and other customary arrangements. SMFB adhered to this shareholders' agreement and agreed to be bound by its terms and conditions. As of June 30, 2025, SMFB owns 51.16% of SMB, while Kirin holds the remaining 48.54%.

In 2015, SMB acquired the NAB business from GSML, including property, plant and equipment, finished goods inventories, and other inventories comprising containers, packaging materials, goods-in-process, and raw materials. This acquisition supports SMB's multi-beverage strategy, which aims to expand its presence in the non-alcoholic beverage market. The NAB business also benefits from SMB's RGB system, strong distribution network, and competitive positioning.

For the years ended December 31, 2022 and 2023, the Beer and NAB Division recorded sales of ₱136,235 million and ₱147,347 million respectively, and net income was ₱21,750 million and ₱25,322 million, respectively.

For the year ended December 31, 2024, sales amounted to ₱153,362 up 4%, driven by stable domestic volumes, price adjustments, and strong consumer engagement. Net income was ₱25,625, 1% higher than in 2023.

For the six-month period ended June 30, 2025, the Beer and NAB Division had sales of ₱74,588 million, and net income of ₱12,984 million, compared to sales of ₱75,073 million and net income of ₱12,563 million for the same period in 2024.

Production Facilities and Raw Materials

Production Facilities

The Beer and NAB Division maintains a network of production facilities rather than a single consolidated brewing and production site. Currently, the Beer and NAB Division owns and operates seven production facilities in the Philippines located across the country's three main island groups of Luzon, Visayas and Mindanao, namely: (1) the Polo facility located in the National Capital Region, established in 1947; (2) the Sta. Rosa facility in Laguna Province, established in 2011; (3) the San Fernando facility in Pampanga Province, established in 1981; (4) the Mandaue facility in Cebu Province, established in 1968; (5) the Bacolod facility in Negros Province, established in 1990; (6) the Davao facility located in Davao Province, established in 1995; and (7) the Tagoloan facility in Misamis Oriental, established in 2019. As of June 30, 2025, the domestic production capacity is almost 28 million HL per year. While production at each facility is typically designed to serve its surrounding region, the Beer and NAB Division can shift the manufacturing from one site to another

as operational needs or changes in demand arise.

The Beer and NAB Division uses brewing equipment and technology sourced from leading manufacturers in Germany, the U.S., Japan, and Italy. These include modern fermentation and maturation tanks, filtering systems, energy-efficient pasteurizers, and camera-type electronic bottle inspectors, among others. Each production facility is equipped with automated machinery capable of manufacturing products in a variety of packaging formats, such as bottles, cans, and kegs, to meet market preferences.

All the production facilities comply with ISO standards, including ISO 9001:2015 and ISO 14001:2015, as assessed by a pool of technical assessors. They are also certified by the Food Development Centre, an office under the Philippine National Food Authority, as compliant to food safety requirements of current GMP– HACCP standards.

International operations are conducted through SMB's wholly owned subsidiary, San Miguel Brewing International Limited ("**SMBIL**"), which has production facilities in five locations outside the Philippines: one production facility each in China, Hong Kong, Indonesia, Thailand, and Vietnam, with a total production capacity of 4.58 million HL per year.

In total, the Beer and NAB Division has a combined beer production capacity of about 32.58 million HL per year. In addition to producing the core San Miguel beer brands for international markets, the overseas facilities also manufacture Anker and Dragon, its local brands in Indonesia and China, respectively.

All production facilities, both domestic and international, comply with ISO requirements such 9001:2015 and ISO14001:2015, and are certified by the Food Development Centre as meeting GMP–HACCP food safety requirements.

Raw Materials

The main raw materials for brewing beer include malted barley, hops, water and yeast. Adjuncts may also be used in combination with malted barley. For NAB products, the main ingredients include water, sugar, sweeteners, fruit juice concentrates, tea extract, flavourings, colorants, and vitamins. These commodities have experienced, and may continue to experience, price fluctuations. The Beer and NAB Division sources its key raw materials for its beer using standardized procurement procedures. Malted barley and hops are generally sourced from North America, Australia, Europe, and China, while adjuncts such as corn and sugar are sourced locally, along with imported tapioca. For NAB, SMB primarily sources ingredients from Singapore, China and Europe.

Key supplier agreements for raw material typically cover a supply period of approximately one (1) to five (5) years, with a pre-determined fixed and formula-based price for the duration of the contract. In addition, depending on factors such as price trends and raw material quality, spot purchases are made in the open market.

Packaging materials are sourced primarily from the Packaging Group of SMFB. Packaging costs represent a significant component of beer manufacturing expenses. The Beer and NAB Division sells most of its products in RGBs of varying sizes and shapes, as well as aluminum cans and kegs. As of December 31, 2024, around 90% of the RGBs used for beer were retrieved, which the Beer and NAB Division believes is the most important and preferred packaging format for beer in the Philippines. SMB's efficient RGB system reduces exposure to rising packaging, particularly those driven by increases in fuel prices, and contributes to effective cost management.

Sales and Distribution

The Beer and NAB Division markets, sells, and distributes its products primarily in the Philippines and maintains an extensive distribution system comprising seven strategically located production facilities nationwide, a broad network of sales offices and warehouses, and a system of dealerships and third-party service providers.

SMB's products are distributed and sold through approximately 700,000 outlets, including off-premise outlets such as supermarkets, grocery stores, sari-sari stores (mom-and-pop stores), and convenience stores, as well as on-premise outlets such as bars, restaurants, and hotels through around 50 sales offices and approximately 400 dealers throughout the Philippines.

To ensure distribution efficiency, the Beer and NAB Division works closely with its dealers and provides support such as systems and training related to dealer operations. It enters into distribution agreements with its dealers that define the territories in which each dealer may operate, the brands permitted for distribution, applicable performance standards,

operational procedures, and the conditions under which distribution rights may be terminated. These rights, standards, and procedures are developed by the Beer and NAB Division and jointly implemented with dealers to ensure high-quality service.

International operations are conducted in Hong Kong, Indonesia, Thailand, China, and Vietnam through SMBIL, a subsidiary of SMB. Subsidiaries of SMBIL include San Miguel Brewery Hong Kong Limited, listed on The Stock Exchange of Hong Kong Limited under stock code 236, and PT Delta Jakarta Tbk, listed on the Indonesia Stock Exchange under DLTA.JK.

There is a production facility each in China, Hong Kong, Indonesia, Thailand, and Vietnam. Third-party service providers transport the products from these facilities to customers, including dealers, wholesalers, retail chains, or outlets, depending on the market. A total sales force of approximately 405 employees is maintained in these five countries, with ten sales regions in China, six in Indonesia, seven in Thailand, and five in Vietnam. In Thailand, all local sales are done through San Miguel Marketing (Thailand) Limited, a subsidiary of SMBIL.

In addition, SMBIL exports beer products to over 70 countries and territories worldwide in North America, South America, Europe, Africa, the Middle East, Australia, and the rest of Asia. International operations accounted for 13% of total Beer volumes for the period ended June 30, 2025.

Research and Development

The Beer and NAB Division employs state-of-the-art brewing technology. Its highly experienced brewmasters and quality assurance practitioners provide technical leadership and direction to continuously improve and maintain high standards in product quality, process efficiency, cost effectiveness, and manpower competence.

Technology and processes are constantly updated, and NPD is supported through the research and development of beer and NAB products. R&D activities are conducted at a technical center and pilot plant located in one of its production facilities. SMB also operates a central analytical laboratory equipped with modern instruments for strategic raw material analysis and validation, beer and NAB product evaluation, and raw material accreditation. Specialized equipment includes gas chromatography, high performance liquid chromatography, atomic absorption spectroscopy, protein analyser, and laboratory scale mashing/milling system for malt analysis. Analytical methods and validation procedures are continually enhanced and standardized across all SMB laboratories. The central analytical laboratory runs proficiency tests for brewery laboratories and suppliers to ensure continuous reliability and quality of analytical test results. It is also responsible for ensuring compliance with international standards, particularly ISO 17025:2017.

To support technical manpower development, the Beer and NAB Division operates the San Miguel School of Brewing, offering various programs covering all levels of professional brewing technical training, from basic brewing course for new hires to advanced brewing course for senior technical personnel. Courses include highly specialized classes required to qualify the most senior technical staff, known as brewmasters. Each of the 30 brewmasters and 25 assistant brewmasters has completed extensive advanced coursework from both in-house and international institutions, and has over ten (10) years of on-the-job-training experience with SMB.

The Beer and NAB Division continues to pursue innovation to support growth and market leadership. New products and variants are explored to align with the evolving consumer profile and preferences. For example, in 2010, the NPD team introduced the first flavoured beers in the market, *San Miguel Flavored Beer* in apple and lemon variants, to appeal to younger drinkers. In 2013, SMB launched *San Mig Zero*, a low-calorie beer, and in 2020, introduced *San Miguel Free 0.0*, the first zero-alcohol beer in the local market.

To generate excitement and respond to shifts in consumer preferences, SMB launched *Red Horse Super* in 2021, the strongest locally produced beer in the market. In 2022, SMB introduced *San Mig Hard Seltzer*, a sparkling water with alcohol in citrus flavour packaged in 330 ml can format, as well as *San Mig Flavored Water*, an unsweetened, non-carbonated apple-flavoured water in returnable glass bottles. The NAB portfolio also further expanded with the launch of *Magnolia Fruit Drink Mango* in 250ml bottle in early 2023.

SMB also launched *San Miguel Cerveza Blanca* in 2022, followed by *San Miguel Cerveza Blanca* in draft and bottled variants in 2024. *San Miguel Chocolate Lager* was also introduced in 2024.

Similarly, in the international market, SMBIL launched *Anker Pineapple* in Indonesia and rolled-out a limited-edition *San Miguel Chocolate Lager* in early 2023.

Competition

In the Philippine beer market, the major competitors are Asia Brewery Inc. (“**ABI**”) and Heineken International B.V. (“**Heineken**”). Heineken previously had a joint venture with ABI, which was dissolved in 2020 and replaced with a new partnership. Effective January 1, 2021 under the new structure, Heineken established a sales and marketing office in Metro Manila, while ABI now brews and distributes Heineken’s beer brands, Heineken and Tiger, in the Philippines. These compete directly with SMB’s premium and mainstream brands, respectively.

The Beer and NAB Division’s beer products also compete with other alcoholic beverages, primarily brandy, gin, rum, and alcopops, which are close substitutes for beer. In the beer industry, and more broadly in the alcoholic beverage industry, key competitive factors include price, product quality, brand awareness and loyalty, distribution coverage, and the ability to respond effectively to shifting consumer tastes and preferences. SMFB believes that the market leadership, scale of operations, and extensive distribution network in the Philippines provide the Beer and NAB Division with significant competitive advantages.

In the non-alcoholic beverage market, competition comes from established players and brands in ready-to-drink juice and ready-to-drink tea segments. For example, *Zest-O* and *Minute Maid Fresh* compete with *Magnolia Fruit Drink*, while *C2* and *Nestea* compete with *Magnolia Healthtea. Cali*, on the other hand, is positioned in the soft drinks category, where *Coke*, *Pepsi* and *RC Cola* are the key players.

Spirits Division

Through GSMI, the Spirits Division is a leading spirits producer in the Philippines and was also the world’s largest-selling gin brand by volume in 2020, according to GlobalData. Based on internal company estimates, the core spirits brands, Ginebra San Miguel and VINO Kulafu, are market leaders in the gin and Chinese wine categories at 99.5% and 71.9% volume share, respectively, as of June 30, 2025. GSMI also produces some of the most recognizable spirits in the Philippine market, including gin, Chinese wine, brandy, vodka, rum, and others, and enjoys close to 50% overall industry market share as of the same period, according to internal company estimates.

Ginebra traces its roots to a family-owned distillery from the Spanish era, which introduced the Ginebra San Miguel brand in 1834. The distillery was acquired by La Tondeña Incorporada in 1924, and subsequently by SMC in 1987, forming La Tondeña Distillers, Inc. In 2003, SMFB was renamed Ginebra San Miguel Inc. in honor of the pioneering gin brand. GSMI’s flagship brand, Ginebra San Miguel, contributed 87% to GSMI’s total sales as of June 30, 2025.

The Spirits Division believes that consumer preferences in the Philippine spirits market vary significantly by region, consumers in Northern Philippines tend to favor gin and brandy, while those in the South prefer rum and Chinese wine. In recent years, brandy has gained popularity across both regions. The Spirits Division leverages the strength of its flagship brand, Ginebra San Miguel, and its broad product range to expand its business, particularly in the southern part of the country.

GSMI also exports its spirits products to markets with large Filipino communities, such as the United Arab Emirates, China, India, Taiwan, Canada, and the United States. Certain brands, including Tondeña Gold Rum and Tondeña Manila Rum, are produced exclusively for export. In addition, distilled spirits are sold and distributed in Thailand through GSMI’s joint venture with Thai Life Group of Companies via Thai Ginebra Trading Company Limited.

Over the years, the Spirits Division has received numerous international awards for product quality and excellence. Since 2005, it has earned a total of 145 gold, silver, and bronze medals have been received for its various distilled spirits. Recent accolades include gold medals from Monde Selection for Archangel Reserve Premium Dry Gin, Ginebra San Miguel, VINO Kulafu, 1834 Premium Distilled Gin, GSM Premium Gin, GSM Premium Gin, and Antonov Vodka, and silver medals for GSM Blue Mojito, Primera Light Brandy, GSM Blue Light Gin, GSM Blue Margarita, and GSM Blue Pomelo.

GSMI is a public company listed on the PSE under the stock symbol “GSMI”. As of June 30, 2025, GSMI had a market capitalization of ₱83,035 million and a common share price of ₱290.00.

For the years ended December 31, 2022 and 2023, GSMI’s sales were ₱47,341 million and ₱53,639 million, while net income was ₱4,547 million and ₱7,046 million, respectively.

In 2024, GSMI recorded consolidated sales of ₱62,505 million, a 17% increase from 2023, driven by higher volumes and selling prices. Net income rose 3% to ₱7,257 million.

For the six-month period ended June 30, 2025, sales were ₱32,233 million and net income was ₱4,247 million, compared to sales of ₱29,991 million and net income of ₱3,676 million for the same period in 2024.

Production Facilities

The Spirits Division operates one distillery and five bottling plants. The distillery is strategically located in Negros Occidental Province, the largest molasses-producing region in the Philippines, and has a distillation capacity of 80.0 million liters per annum. The bottling plants, located across the archipelago, have a combined annual bottling capacity of 71.1 million cases as of June 30, 2025.

The five bottling plants are located in Luzon and Visayas, namely: (1) the Cauayan plant in Isabela Province, established in 2010; (2) the Sta. Barbara plant in Pangasinan Province, established in 1992; (3) the Ligao plant located in Albay Province, established in 2010; (4) the Cabuyao plant in Laguna Province, established in 1996; and (5) the Mandaue plant in Cebu Province, established in 1964.

The production facilities located in Sta. Barbara, Pangasinan; Cabuyao, Laguna; Mandaue City, Cebu; Bago City, Negros Occidental; Cauayan, Isabela; and Ligao City, Albay are certified with ISO 9001:2015.

Thai San Miguel Liquor Co. Ltd. (“**TSML**”), a joint venture between GSMI and Thai Life Group of Companies, operates a production facility in Kanchanaburi, Thailand. It features a 75-kiloliters-per-day (KLPD) distillation column and a bottling line with an annual production capacity of 22 million liters and six million cases, respectively.

Raw Materials

Alcohol is the main raw material used in spirits, produced by converting sugarcane molasses into alcohol at the DBI distillery. To mitigate the impact of rising prices and the anticipated decline in the availability of sugarcane molasses, given its use as a key input in the Philippine government’s clean fuel program, the Spirits Division also directly purchases crude and GSMI-spec alcohol from various third-party suppliers through supply contracts in both domestic and international markets. DBI also operates a separate facility capable of using cassava starch milk as an alternative raw material for alcohol production.

Products are packaged in glass bottles, most of which are sourced from the Packaging Group. In addition to using new glass bottles, the Spirits Division maintains a network of suppliers in the Philippines that provide washed second-hand bottles. The suppliers retrieve, sort, and wash *Ginebra San Miguel* glass bottles, which are then repurchased by GSMI for recycling and reuse. For the year ended December 31, 2024, and the six-month period ended June 30, 2025, approximately 56% and 59% of glass bottles used, respectively, were second-hand bottles retrieved and purchased from these. A stringent quality control system is in place to monitor procedures and address safety concerns associated with recycled bottles. The Spirits Division believes that bottling costs for any given product can be sustained over time through the continued use of second-hand bottles. As such, it has actively implemented programs over the past few years to expand its network of second-hand bottle suppliers.

Sales and Distribution

The Spirits Division primarily markets, sells and distributes its products in the Philippines through a territorial distributorship model compared to a network of 95 dealer sites and 15 sales offices strategically located across the country as of June 30, 2025. The Spirits Division’s sales team and key accounts group directly serve off-premise outlets such as mom-and-pop stores, supermarkets, grocery stores, and convenience stores, as well as on-premise outlets such as bars, restaurants and hotels. As of the same period, approximately 158,000 retail outlets are covered and served by the dealers, with general trade outlets accounting for 95% of total outlets and modern trade outlets, accounting for 5% of total outlets.

At the center of the product distribution and movement is the Spirits Division’s logistics group. It leads the planning, coordination and delivery of finished goods from various plants to sales offices, warehouses, dealers, wholesalers, and select retailers.

Direct shipments to dealer sites are carried out by third-party haulers, while company-owned routing trucks deliver to directly served outlets. To expand distribution coverage and supplement its logistical assets, the Spirits Division also

engages third-party service providers for warehouse management and product delivery to various destinations. The turnaround time for delivery from bottling plants to dealer is four to seven days for inland deliveries and 9 to 14 days for offshore deliveries.

While the Spirits Division has already established a substantial number of dealer sites nationwide, a key distribution strategy is the continuous development and acquisition of new dealers in high-volume potential areas, particularly in the geographically segmented Southern Philippines. This strategy is anchored on the deployment of direct selling operations teams focused on exploring and nurturing underserved areas until these become commercially viable for takeover by an existing or new dealer. Additional initiatives have also been implemented, such as systems improvement, training, incentive programs, merchandising, postering, and various localized below-the-line activities, to sustain and ensure continued volume growth.

Research and Development

The Spirits Division continuously develops new products as it seeks to expand its existing product lines and maintains a well-equipped laboratory that provides capabilities to develop innovative product formulations, as well as a dedicated technical group focused on NPD. In addition to the popular Mojito variant of *GSM Blue Flavors*, which was launched in 2012, new variants Margarita and Gin Pomelo were introduced in 2017 to bring excitement and more options to younger consumers. In 2024, GSM Blu Lychee Marini was introduced as a lighter take on the classic martini. Sweetened with stevia, it offers a lower-calorie option with a clean, refreshing finish.

In May 2019, a new and improved *Añejo Gold Rum* was relaunched in select cities in Visayas and Mindanao. Aged in imported oak barrels for 12 years, this reformulated 65 proof version is superior in taste and aims to become the new standard of rum. It delivers a distinct vanilla flavour, as well as a smoky oak tone, is aromatic, and aims to provide a smooth drinking experience. Marketed as a product that exudes high quality, yet positioned as an economically priced low-proof rum targeting hard liquor consumers of Southern Philippines.

San Miguel Ethyl Alcohol was launched in November 2020 in response to the COVID-19 pandemic, initially to help address supply shortages and stabilize prices. With its 99.99% germ-killing formula and added moisturizer, it remains gentle on the skin and continues to be sold today, used as a disinfectant, and general antiseptic in homes, offices, and medical facilities and comes in various sizes from 250 mL and 20 Liters.

1834 Premium Distilled Gin, one the Spirits Division's premium gins, was launched in June 2021. This creation pays homage to the era when the Philippines opened its port to world trade in 1834, a time of new discoveries and cultural exchange. This carefully crafted blend is uniquely Filipino, combining classic juniper berries and citrus with Philippine botanicals such as sampaguita and calamansi.

Another addition to Spirits Division's growing portfolio, G&T Ultralight had a limited release in December 2022. This refreshing low-proof and low-calorie spirit drink is made with all natural ingredients and comes in two variants: Apple Black Tea and Lemon Ginger, both in a 330mL slim can for a guilt-free drinking experience.

The R&D team also develops product formulations for certain toll manufacturing customers, such as the *Don Papa Rum* and all of its limited-edition variants. These are sold predominantly in Europe, North America, Australia, New Zealand, and select Asian countries.

Archangel Reserve is the Spirit's Division's most premium gin that is meticulously crafted with a refined blend of seven botanicals such as juniper berry, coriander seed, angelica root, liquorice root, lemon peel, orange peel, and lime peel, each selected for its depth, balance, and contribution to the gin's character. Expertly distilled in a copper pot still, it results in a uniquely refreshing and balanced gin. It is packaged in an emerald green frasco bottle inspired by the iconic *dama juana*, and features the image of St. Michael the Archangel. *Archangel Reserve* is a bold visual and sensory statement, honoring tradition while appealing to modern tastes. It is a celebration of craftsmanship and heritage, made for those who know and truly appreciate.

Competition

In the Philippine spirits market, competition among major players centers on brand equity through above- and below-the-line advertising, price leadership, NPD, raw material security, production efficiency, and distribution. GSMI's major competitor are Emperador Distillers, Inc. and Tanduay Distillers Inc. The former is largely known for its *Emperador Light Brandy*, which is popular among the young working class in Greater Manila and most urban cities. Tanduay Distillers,

Inc.'s *Tanduay Rhum Dark Five Years* is a staple hard liquor drink in the Visayas and Mindanao regions. *Ginebra San Miguel* is the preferred brand in Northern and Southern Luzon, according to GlobalData as of 2017. As the Chinese wine segment has also seen increased consumption in recent years, the Spirits Division's *Vino Kulafu* has emerged as the top choice in this category, with strong patronage across various islands in the Visayas and parts of Mindanao, according to GlobalData (2017).

Food Division

The Food Division holds market-leading positions in many key food product categories in the Philippines and offers a broad range of high-quality food products and services to household, institutional, and foodservice customers.

The Food Division includes some of the most recognizable brands in the Philippine food industry, such as *Magnolia* for chicken, dairy, flour mixes, and salad aids; *Monterey* for fresh and marinated meats; *Purefoods Tender Juicy* for hotdogs; *Purefoods* for other refrigerated and canned processed meats, ready-to-eat viands, and a seafood line; *Veega* for plant-based protein products; *Star* for margarine, refrigerated and canned processed meats; *Dari Crème* for margarine; *San Mig Coffee* for coffee; and *B-Meg* for animal feeds.

The breadth of the Food Division spans refrigerated and canned processed meats, ready-to-eat viands, a seafood line, plant-based protein, butter, margarine, cheese, milk, ice cream, salad aids, flour mixes and coffee products ("**Prepared and Packaged Food**"); poultry and fresh meats ("**Protein**"); integrated feeds and veterinary products ("**Animal Nutrition and Health**"); as well as flour milling, bulk grain handling, foodservice, and international operations ("**Others**").

For the years ended December 31, 2022, 2023, and 2024, sales for the Food Division amounted to ₱175,288 million, ₱178,847 million, and ₱185,016 million, respectively.

For the six-month period ended June 30, 2025, sales for the Food Division amounted to ₱94,379 million, compared to ₱5,994 million for the same period in 2024.

Food Division Segments

Prepared and Packaged Food

The Prepared and Packaged Food segment includes refrigerated meats, canned products, ready-to-eat viands, a seafood line, plant-based protein products, dairy, ice cream, spreads, salad aids, and coffee.

The major operating subsidiaries for the Prepared and Packaged Food segment are The Purefoods-Hormel Company, Inc. (PHC), Magnolia, Inc., and San Miguel Super Coffeemix Co., Inc. ("**SMSCCI**").

The processed meats business under PHC is a 60:40 joint venture between SMFB and Hormel, formed in 1998. Value-added refrigerated meats include hotdogs, nuggets, bacon, hams, seafood, ready-to-eat viands, and other meat products sold under the brand names *Purefoods*, *Purefoods Tender Juicy*, *Star*, *Higante*, *Purefoods Beefies*, *Vida*, *Purefoods Nuggets*, *Purefoods Fiesta Ham*, *Purefoods Seafood Delights*, and *Purefoods Ready-to-Eat*. Canned products such as corned beef, corned chicken, luncheon meats, sausages, sauces, meat spreads, and ready-to-eat viands are sold under the *Purefoods*, *Star*, *Ulam King* and *Bongga* brands. Plant-based protein food products in sausage, nuggets, burger patty, meatballs and ground meat formats are sold under the *Veega* brand.

The dairy and spreads business, operated through Magnolia, Inc., manufactures and markets a variety of bread spreads, milk, ice cream, salad aids, and flour mixes. Bread spreads include butter, refrigerated and non-refrigerated margarine and cheese, sold primarily under the *Magnolia*, *Dari Crème*, *Star* and *Cheeze* brands.

Production Facilities

The production facilities for the Prepared and Packaged Food segment are located in Luzon. Facilities for processed meats are in Cavite, manufacturing hotdogs, nuggets, hams, bacon, sausages, meat toppings, sauces, and canned products. Another facility manufactures bread spread products through a process that includes pasteurization, blending, chilling, and packing for spreads, as well as cooking, filling, pre-packing, and end-packing for cheeses. Other facilities in Laguna produce ice cream and ready-to-eat products, while flour mixes under the Magnolia brand are manufactured at company-owned facilities in Mabini, Batangas.

Fresh milk is imported, while other milk products and all-purpose cream are manufactured in third party-owned plants under tolling arrangements, all of which meet quality standards. Additional toll-manufacturing agreements with Halal-accredited facilities are also maintained to augment production capacity for processed meats, meet periodic volume increases, and support exports of corned beef and hotdogs to the Middle East and predominantly Muslim countries.

Raw Materials

The primary raw materials used for refrigerated meats, canned products, and ready-to-eat food are chicken, beef, and pork primal cuts, most of which are sourced through the Business Procurement Group (“BPG”) of the Food Division. BPG strives to secure prices lower than prevailing market or published rates. In addition to inter-company sales of chicken and pork, BPG maintains a pool of accredited suppliers for both local and imported raw materials, all of which are evaluated by a quality assurance team prior to acceptance.

All procurement, manufacturing, and pre-packing of raw materials for coffee products are handled by SMSCCI’s partner in Malaysia. Coffee mixes are imported through JDE Malaysia, while re- packing, marketing, selling, and distribution are done in the Philippines.

Sales and Distribution

San Miguel Integrated Sales (“SMIS”) handles the sale and distribution of products for the Prepared and Packaged Food segment directly to modern trade channels, and through distributors for general trade channels, small foodservice operators, and e-commerce. Products under the Prepared and Packaged Food segment are distributed directly by Great Food Solutions to key institutional accounts. The e-commerce channel is also served by SMIS through distributors who manage inventory, receive orders, and arrange deliveries to individual consumers using the different online platforms. Domestic distribution is managed by the outbound logistics group, which oversees planning, technical logistics services, warehousing, and transportation. The international business handles exports to serve Filipino communities in the Middle East, North America, Europe, and Asia.

Competition

The Food Division is a market leader in several categories in the Prepared and Packaged Food sector.

Every year, the Prepared and Packaged Food segment faces strong competition, mainly from other local players that employ aggressive pricing and promotional strategies. Competitors and competing brands in the processed meats category include Foodsphere, Inc. (*CDO*), Virginia Foods, Inc. (*Virginia*), and Century Pacific Food Inc. (*Swift and Argentina*). To maintain its leadership position, the Food Division adheres to strict quality standards, drives innovation across its portfolio, ensures strong visibility in both traditional and digital media, and promotes increased consumption through product bundling and various value offerings.

According to Kantar (Worldpanel Division) as of Moving Annual Total (MAT) December 29, 2024, the Food Division held the following market shares in terms of value: 50% for hotdogs; 69% for breaded, battered, and fried products; 19% for corned meats; and 24% for luncheon meats in the processed meats category. In the spreads category, it held 53% for butter, 95% for refrigerated margarine and 75% for non-refrigerated margarine, and 21% for cheese.

Animal Nutrition and Health

The Animal Nutrition and Health segment produces animal and aquatic feeds, veterinary products, and dog food. The operating subsidiary for this segment is SMFI.

Commercial feed products include hog feeds, layer feeds, broiler feeds, free-range fowl feeds, duck feeds, aquatic feeds, branded feed concentrates, and specialty and customized feeds. These are sold and marketed under various brands such as *B-Meg*, *B-Meg Premium*, *Integra*, *Expert*, *Mega Mash*, *Essential*, *Pureblend*, *Bonanza*, and *Jumbo*. SMFI also markets dog food under the *NutriChunks* brand and various veterinary products under the *San Miguel Animal Health Care* brand.

Production Facilities

For the Animal Nutrition and Health segment, compound feeds are manufactured at both company-owned feed mills and third party-owned and -operated feed plants located throughout the Philippines. All of these plants are capable of producing pelleted and crumble-format feeds, while a few plants have extrusion capabilities for producing aquatic floating feeds. The business also utilizes company- and third party-owned rendering facilities that convert animal by-products into rendered meal used as raw materials for feeds.

Raw Materials

The largest single cost component for feeds is the cost of ingredients used to prepare nutritionally balanced feed including corn, soybean meal, cassava, feed wheat, pollard, rice bran, copra, and meat meal. Corn is purchased locally, either directly from corn farmers or through traders, and occasionally from suppliers in the United States, South America, and Southeast Asia.

Prices of raw materials are subject to significant volatility due to extreme weather conditions, harvest size, transportation and storage costs, government agricultural policies, currency exchange rate fluctuations, and, more recently, geo-political conditions. To minimize the adverse effects of unexpected price increases, the Food Division enters into hedging transactions and maintains strategic buying programs.

Sales and Distribution

The Animal Nutrition and Health segment produces for both the Food Division's internal requirements and the commercial feeds market. As of June 30, 2025, roughly half of the production volume was used for the Food Division's internal requirements, while the remainder was sold to the commercial feeds market. Feeds supplied to the Protein segment are transferred at cost and are not included in the volume or revenue of the Animal Nutrition and Health segment.

Most of the products are sold through authorized distributors within defined territories, while a smaller percentage is sold directly to hog, poultry, and aquatic farm operators. For the sale of commercial feeds products, there are sales offices across the Philippines with dedicated sales teams supported by technical experts focused on expanding existing markets and developing new ones.

Competition

Competitors in the Animal Nutrition and Health segment include major domestic producers such as Univet Nutrition and Animal Healthcare Company (UNAHCO), Pilmico Foods Corporation, and ADM Animal Nutrition (Popular), as well as numerous regional and local feed mills. Foreign feeds manufacturers such as Charoen Pokphand Foods of Thailand and New Hope Group of China have also established operations in the Philippines.

Protein

SMFI is also the operating subsidiary for the Protein segment, which sells poultry and fresh meat products.

The poultry business operates a vertically integrated production process that spans from breeding broilers to producing and marketing chicken products, primarily for retail. Its broad range of chicken products is sold under the *Magnolia* brand and includes fresh-chilled or frozen whole and cut-up products, as well as *Timplados* or marinated, ready-to-cook chicken. Through its *Magnolia Chicken Stations*, SMFI offers a wide variety of fresh and ready-to-cook products, as well as brown eggs.

The Fresh meats business breeds, grows, and processes hogs, and trades in beef and pork products. Its operations include slaughtering live hogs and processing beef and pork carcasses into primal and sub-primal meat cuts. These specialty cuts and marinated products are sold in neighborhood meat shops under the well-recognized *Monterey* brand.

Production Facilities

For the Protein segment's poultry business, company-owned facilities include a few poultry processing plants, a poultry hatchery, and a poultry breeder farm. These facilities are operated either by a specialized O&M company or by a third party.

As of June 30, 2025, more than 95% of the poultry growing output and around 75% of processing output were from tolled facilities. Almost all of these poultry growing facilities employ climate-controlled systems, which improve biosecurity and provide more stable and comfortable temperatures, thereby enhancing efficiency and reducing mortality rates. Supporting the vertically integrated poultry operations are SMFB-owned processing plants, toll-operated facilities, and an extensive network of both company-owned and third-party cold storage warehouses and distribution centers across the Philippines.

Moving forward, the Food Division will maintain an optimal mix of contracted and company-owned farms. For processing, the majority of output is expected to come from company-owned processing plants by 2030.

SMFB decided to downsize its fresh meats business due to losses related to the African Swine Fever (ASF) and the restricted movement on live hogs and pork products in many areas across the Philippines. Nonetheless, the business maintained most of its Monterey Meat Shops in areas that remain commercially viable. These shops are supplied by a combination of third party-owned hog farms operated under tolling arrangements and imported meats. Live hogs are slaughtered and processed at third party-owned and operated processing plants under tolling arrangements.

Raw Materials

The poultry business imports grandparent (GP) breeder chicks primarily from Aviagen and Cobb Vantress Inc., both leading international poultry breeding companies based in the U.S. These GP chicks are raised in growing and laying farms, where fertile eggs are collected and transported to GP hatcheries to produce day-old parent stock (PS). PS chicks are then raised in breeder houses located across the country, and the eggs they produce are sent to PS hatcheries. Once hatched, the day-old chicks are sent to the broiler farms, where they are raised by contract growers following the Food Division's standards until they reach marketable weight. Fully-grown chickens are then harvested and brought to processing plants, where they are processed into finished products before being sent to distribution centers and sold to customers.

For the fresh meats business, as of June 30, 2025, more than half of fresh meat supply came from contract growing farms, while the rest was sourced from commercial farms using B-Meg feeds or from imports.

Sales and Distribution

The Food Division sells its Protein segment products through both modern trade and general trade channels. Modern trade channels include Magnolia Chicken Stations for poultry and Monterey Meatshops for fresh meats. These are located in supermarkets, convenience stores and membership shopping clubs, and stand-alone neighborhood stores. General trade channels, which are served through distributors, include wet markets, commissaries, wholesalers, community resellers, and buyers of live broilers and hogs. Institutional accounts include quick-service restaurants and hotels. In addition, the Protein segment supplies a portion of the requirements of the Prepared and Packaged Food segment.

The Magnolia Chicken Station was a concept developed by the poultry business to bring traditional wet market practices to the supermarket. These stations offer a wider selection of cuts and better customer service in a clean, hygienic setting. As of June 30, 2025, there are more than 1,400 Magnolia Chicken Stations nationwide, a small portion of which are franchisee-owned. The rest are located in supermarkets and operated by a specialized O&M company under a modified consignment arrangement.

The Food Division pioneered in the branding of fresh meats by launching the Monty's supermarket meat shop in 1990, which later evolved into a network of neighborhood meat shops under the Monterey brand. This strategy was successful in differentiating its high-quality meat products from competitors. Pork, beef and marinated meats products are sold in clean, air-conditioned Monterey Meatshops manned by well-trained staff.

As of June 30, 2025, there were more than 200 Monterey Meatshops across the Philippines, the majority of which were franchised, with the rest company-owned.

Most of the Protein segment's products are distributed directly from production facilities to supermarkets and foodservice operators. The distribution infrastructure includes a network of cold storage facilities throughout the Philippines and a large fleet of company-owned and third-party contracted vehicles.

Competition

Major competitors in the Protein segment include Bounty Fresh Foods Inc., Bounty Agro Ventures, Inc., and Charoen Pokphand Foods Philippines Corp. There are also a good number of commercial-scale integrators that compete on a limited regional basis or primarily in the foodservice segment. Imports from the U.S. and Brazil are also regularly brought in by traders.

The competitive landscape of the Philippine hog industry has shifted due to the impact of African Swine Fever (ASF). Some competitors, such as Robina Farms and Foremost Farms, completely depopulated their farms after being affected by ASF. With the threat of disease still present in several areas around the country, the overall domestic pork supply remains tight.

Others

Flour milling, premixes and baking ingredients, foodservice, and international operations, are categorized under “Others.” The bulk of this segment is accounted for by the flour milling business and grain terminal operations.

The flour milling business operates under San Miguel Mills, Inc. (“**SMMI**”). San Miguel Foods Investment (BVI) Limited, a wholly owned subsidiary of San Miguel Foods International, Limited, operates San Miguel Pure Foods (Vn) Co., Ltd. in Vietnam. This entity is engaged in the production and marketing of processed meats which are sold under the *Le Gourmet* brand. PT San Miguel Foods Indonesia (formerly PT Pure Foods Suba Indah) is a 75:25 joint venture with PT Hero Intiputra of Indonesia. It is also engaged in the production and sale of processed meats under the *Farmhouse* and *Vida* brands, until it ceased operations on October 31, 2021.

The foodservice business of the Food Division is handled by Great Food Solutions, a group under SMFI. Great Food Solutions services key institutional accounts such as quick-service restaurants, bakeshops, pizza chains, convenience stores, and commissaries. It markets and distributes foodservice formats for value-added meats, dairy, spreads, flour, and coffee.

Production Facilities

The flour milling business owns flour milling facilities, located in Mabini and Tabangao, Batangas, including flour blending facilities that produce customized flour products. It also operates a premix plant that manufactures various premix products for both retail and institutional markets.

Production capabilities are supported by the Flour Technology Centre located in Pasig City, Metro Manila, which focuses on developing customized flour blends and new flour-based products.

SMMI also owns the Golden Bay Grain Terminal located in Mabini, Batangas, which can accommodate Panamax-sized vessels and has a discharge rate of at least 10,000 metric tons per day. SMFB believes that the terminal gives the flour milling business a competitive edge in materials handling, as vessels can offload larger quantities of raw materials directly to the milling facilities. This minimizes intermediate handling, leakage, and costs, while also generating freight savings through the use of larger vessels. The terminal, which is adjacent to the Mabini flour mill, also services the grain handling requirements of the Animal Nutrition and Health segment.

Raw Materials

Historically, the majority of the wheat requirements of the flour milling business have been sourced from the U.S. and Canada, with the remainder procured from various other countries. As of June 30, 2025, more than 80% of raw materials, particularly wheat, were imported from the U.S. and Canada. World wheat prices are monitored daily by BPG to determine long-term and short-term buying strategies to manage costs.

Sales and Distribution

The flour milling business of the Food Division focuses on offering the widest array of differentiated flour products in the Philippine market. Flour application specialists support the sales team by determining customers’ specific flour requirements and conducting field baking tests to demonstrate product application. For customized products, the R&D and sales teams work closely with the customers to develop formulations tailored to their needs. The Food Division manages a nationwide distribution network that delivers flour and other bakery ingredients to major bakeries and other flour users.

Great Food Solutions distributes and markets foodservice formats for value-added meats, dairy, spreads, flour, and coffee. GFS receives a development fee from other Food Division subsidiaries for selling their products to key foodservice institutional clients. Key strategies of the food service business include offering customized solutions, direct marketing to customers, and focused relationship management.

Competition

Major competitors of the flour milling business include Universal Robina Corporation (URC), Pilmico Foods Corporation, and Philippine Foremost Milling Corporation. Newer players in the industry such as Atlantic Grains and Mabuhay Interflour Mill that have established additional capacity and compete aggressively on pricing to gain market share. While most competitors produce only a limited range of flour types, such as hard flour for bread products and soft flour for biscuits, others have started offering specialized flours for noodles and wrappers. Nevertheless, the milling business continues to innovate by offering high-value specialized flours, including new products for a variety of applications.

PACKAGING BUSINESS

The packaging business began operations in 1938 with the establishment of a glass plant that supplied glass bottles for the beer and NAB products of SMC.

Collectively called as the “**Packaging Group**”, the business is comprised of:

- a) San Miguel Yamamura Packaging Corporation (“**SMYPC**”), a joint venture company of SMC and NYG, and its subsidiaries which, as of June 30, 2025, include (i) SMC Yamamura Fuso Molds Corporation (“**SYFMC**”), the only manufacturer of glass and plastics molds in the country and a joint venture between SMYPC and Fuso Machine & Mold Mfg. Co. Ltd.; (ii) Can Asia, Inc. (“**CAI**”), a pioneer in the production of two-piece aluminum cans; and (iii) Wine Brothers Philippines Corporation, a company involved in the sale and distribution of wine products;
- b) San Miguel Yamamura Packaging International Limited (“**SMYPIL**”), also a joint venture company of SMC and NYG, and its various subsidiaries which, as of June 30, 2025, include (i) San Miguel Yamamura Phu Tho Packaging Company Limited; (ii) San Miguel Yamamura Haiphong Glass Company Limited; (iii) Zhaoqing San Miguel Yamamura Glass Company Limited; (iv) Foshan San Miguel Yamamura Packaging Company Limited and subsidiary {Foshan San Miguel Yamamura Trading Co. Ltd.}, San Miguel Yamamura Packaging and Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd., and subsidiary {Insa Alliance Sdn. Bhd.}; (v) San Miguel Yamamura Plastic Films Sdn. Bhd.; and (vi) San Miguel Yamamura Australasia Pty. and subsidiaries {SMYC Pty Ltd and its subsidiary, Foshan SMY Cospak Co. Ltd., Cospak Limited, SMYV Pty Ltd, SMYP Pty Ltd, SMYBB Pty Ltd, SMYJ Pty Ltd, and Vinocor Limited}; and
- c) Mindanao Corrugated Fibreboard, Inc. (“**Mincorr**”), a manufacturer of paper corrugated carton.

SMYPC and SMYPIL are both joint venture companies between SMC and NYG, one of the largest glass and plastic packaging corporations in Japan. SMYPC, has ownership in all the domestic plants of the Packaging Group, except the corrugated carton plant Mincorr, which is 100% owned by SMC. Mincorr is, nevertheless, being managed by SMYPC. The subsidiaries of SMYPIL are the Packaging Group’s international facilities.

The Packaging Group has one of the largest packaging operations in the Philippines with diversified businesses producing glass, molds, metal and plastic closures, aluminum cans, plastic bottles, pallets and crates, flexibles, paper, and other packaging products. The Packaging Group also provides services such as (a) beverage filling for Polyethylene Terephthalate (“**PET**”) bottles, aluminum cans, and glass bottles, (b) pallet leasing and (c) logistics services.

The Packaging Group is the major provider of packaging requirements of the other businesses of SMC. It also supplies packaging products to customers in the Asia-Pacific region, U.S., and Australasia, as well as to major multinational corporations across the Philippines, including Coca Cola Beverages Philippines, Inc., Nestle Philippines, and Pepsi Cola Products Philippines, Inc.

The Packaging Group holds 17 international packaging companies, particularly, located in China (glass, plastics, paper and trading of packaging products), Vietnam (glass and metal), Malaysia (composite, plastic films, woven bags and radiant/thermal liners), Australia (trading of packaging products, plastic manufacturing, wine closures and wine filling services, retail/online packaging, cargo protection and materials handling) and New Zealand (plastic manufacturing and trading of packaging product).

Aside from extending the reach of the packaging business overseas, these facilities also allow the Packaging Group to serve the packaging requirements of SMB breweries in China, Vietnam, Indonesia, and Thailand.

For each of the years ended December 31, 2022, 2023 and 2024, the Packaging Group had net sales of ₱37,039 million, ₱38,379 million, and ₱40,162 million; income from operations of ₱1,648 million, ₱1,915 million, and ₱2,600 million; and net income (loss) before tax of ₱(381) million, ₱277 million, and ₱1,249 million, respectively.

For the six-month period ended June 30, 2025, the Packaging Group had sales of ₱19,284 million, net income before tax of ₱948 million and gross profit of ₱5,499 million compared to sales of ₱17,974 million, net income before tax of ₱655 million and gross profit of ₱5,107 million for the six-month period ended June 30, 2024.

Selected operating data for the packaging business is provided below for the periods indicated:

	For the years ended				For the six months ended
	December 31,				June 30,
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	(in millions, except percentages)				
	₱	₱	₱	₱	₱
Sales.....	37,039	38,379	40,162	17,974	19,284
Gross profit	9,472	9,719	11,181	5,107	5,499
Gross profit margin(1).....	25.6%	25.3%	27.8%	28.4%	28.5%
Operating Income.....	1,648	1,915	2,600	1,362	1,592
EBITDA(2).....	4,191	4,501	5,235	2,605	2,769
EBITDA margin(3)	11.3%	11.7%	13.0%	14.5%	14.4%
Net income before tax	(381)	277	1,249	655	948
Net income before tax margin(4).....	(1.0%)	0.7%	3.1%	3.6%	4.9%

Notes:

1. Calculated as gross profit divided by revenues.
2. EBITDA is calculated as net income before: income tax expense, net financing charges (interest income net of interest expense), extraordinary or exceptional items, foreign exchange losses (gains), marked-to-market currency losses (gains), depreciation and amortization and impairment losses.
3. Calculated as EBITDA divided by revenues.
4. Calculated as net income before income tax divided by revenues

Strengths & Strategies

Strengths

The Packaging Group believes that its competitive strengths include the following:

Market leader

The Packaging Group is a market leader in all its product formats in the domestic packaging industry, offering total packaging solutions to clients by producing glass containers, metal crowns and caps, plastic crates, pallets and other plastic packaging, aluminum cans, paper cartons, flexibles packaging and other packaging products and services such as beverage toll filling for aluminum cans, glass, and PET bottles as well as logistics services.

The usage growth rate for glass containers (which is the largest business of the Packaging Group) for beverage applications has been steadily growing. Glass bottles for beverages accounts for the largest share among the glass packaging format. Most of these are available in traditional mom-and-pop stores where alcoholic beverages, carbonated soft drinks, energy drinks, and ready-to-drink juices come in returnable glass bottles. Glass packaging also recorded growth in other categories such as food packaging, home care, beauty, and personal care because of its ability to portray a premium image while maintaining product quality. Although the growth of glass containers may be tempered by the increasing popularity of lightweight, unbreakable, and more affordable packaging types such as PET, the glass packaging industry will likely benefit from creation of a free trade area amongst ASEAN nations. Among the likely positive impact of the free trade area will be the ability for local glass manufacturers, such as the Packaging Group, to further expand their business in the ASEAN economies. Additionally, the glass packaging industry will likely benefit from the recently approved Extended Producer Responsibility Act in the Philippines as glass is a more sustainable packaging alternative than plastics packaging because of its property of being infinitely recyclable.

State-of-the-art manufacturing facilities

The Packaging Group maintains state-of-the-art manufacturing facilities and best practices in manufacturing and quality procedures. The Packaging Group has large available capacities and ready know-how to exploit prospects in this packaging format.

Compliance with global standards

The Packaging Group complies with global standards, recognized by key multinational and domestic customers, for Food Safety (FSSC 22000), Quality Management (ISO 9001), Environment Management (ISO 14000), various social accountability standards and other relevant standards. The Packaging Group maintains its presence to relevant organization to keep abreast with the current manufacturing standards and ensure statutory and regulatory compliance.

Synergies from partnerships with key global packaging companies

The Packaging Group gains synergies from its partnerships with global packaging players such as NYG (Japan) and Fuso Machine & Mold Mfg. Co. Ltd. (Japan).

Strategies

The strategies of the Packaging Group include the following:

Total Packaging Solutions

The Packaging Group intends to increase adoption of the total packaging solutions approach by proactively offering solutions that range from traditional packaging products to associated graphics design, conceptualization, consultancy, toll filling, trading, and logistical requirements. The Packaging Group also has put up a can filling facility to provide tolling services to the current non-alcoholic beverage customers.

In 2017, SMYA acquired all of the issued share capital of Portavin Holdings Pty Ltd., Barrosa Bottling Services Pty Ltd., and Best Bottlers Pty Ltd. These acquisitions strengthened the Packaging Group's business in Australia and expanded its product base to include wine filling services, serving the growing wine markets in the Australasia region.

Network and Client Optimization

The Packaging Group intends to optimize and leverage on its significant regional network of facilities and alliances as a gateway to enter into new markets. It is also evaluating opportunities for its international clientele on potentially providing packaging services to them in markets where these customers have a presence and are new to the Packaging Group. There is also a focus on entering into longer term contracts with key customers to enhance earnings visibility.

Product Diversification

The Packaging Group continuously innovates to enter new markets and market segments with new products such as slim cans and ends, down gauged crowns, lug caps, high-impact resistance pallets for cements, agricultural flooring, laminated paper, logistics services and wine closures (cork). In 2015, SMYPIL, through its Australian subsidiary, SMYV Pty Ltd, completed the acquisition of the assets and business of Vinocor Worldwide Direct Pty. Ltd. ("**Vinocor**"). Vinocor is a market leader in the supply of corks and closures for wine bottles in Australia, with facilities and operations based in Adelaide, South Australia. In 2018, SMYA diversified its product portfolio through the acquisition of JMP Holding Pty Ltd, a supplier of retail and online packaging, cargo protection and materials handling.

Marketing Environmentally Friendly Products

The Packaging Group expects the future consumer trend towards environmentally friendly products and sound manufacturing systems. Hence, the Packaging Group is continuously developing eco-friendly processes such as the use of cullets in glass production, use of plastic regrinds in plastic crates and pallets, toluene-free flexible packaging, and accreditation with various international standards and agencies. In recent years, the Packaging Group has been improving and upgrading its manufacturing facilities to a standard higher than established government regulations. Significant investments have been made, such as the Electrostatic Precipitator of the Packaging Group, a pollution-abating device that cost more than ₱406 million.

Packaging Solutions

Glass

The glass business is the Packaging Group's largest business segment. It has three glass manufacturing facilities, and one glass and plastics mold plant in the Philippines serving the requirements of the beverage, food, pharmaceutical,

chemical, personal care and health care industries. The Packaging Group believes that SMY Glass Plant is the country's most technologically advanced glass manufacturing facility and the largest glass manufacturing facility in the Philippines.

Metal

The metal business manufactures metal caps, crowns, resealable caps, and two-piece aluminum beverage cans for a range of industries that include beer, spirits, soft drinks, condiments, and food. The Packaging Group's CAI is the pioneering two-piece aluminum can plant in the Philippines for the beverage market. SMYPC formed CAI, previously a joint venture with CANPACK S.A., for the modernization of the two-piece aluminum can manufacturing business. Utilizing the know-how and technologies of CANPACK Group on can manufacturing, CAI is capable of producing aluminum cans and ends in three categories – regular (standard), sleek, and slim cans. With its aim to introduce various aluminum can-packaging formats to the growing market in the Philippines and the Asia Pacific region, the business has expanded its product line to offer 180 ml aluminum cans in 2018. To-date, CAI is capable of producing six can sizes.

On September 30, 2022, SMYPC and CANPACK executed a Deed of Sale of Shares for the purchase by SMYPC of the Three Million and Five Hundred Thousand (3,500,000) common shares of CAI from CANPACK, resulting in a 100% shareholding of SMYPC in CAI.

Composites/Flexible Packaging

The composites/flexible packaging business manufactures flexible packaging, plastic films, industrial laminates, trademarked Envirotuff radiant barrier and woven bags. Customers for this segment include companies in the food, beverages, personal care, chemical and healthcare industries. Through the Rightpak plant and Malaysian plants, the Packaging Group manufactures flexible packaging for the food, beverage, personal care, chemical and healthcare industries. It also provides composite materials for a varied range of industries including construction, semiconductor, and electronics.

Plastics

The plastics business produces plastic crates and pallets, plastic poultry flooring, plastic preforms, bottles, caps and handles, food trays, plastic consumer and industrial containers, and plastic pails and tubs to domestic and international markets serving companies in industries such as beer and beverages, chicken, agriculture, oleochemical and petroleum.

Paper

The paper business produces corrugated cartons and partition boxes. Through Mincorr, a wholly-owned subsidiary of SMC based in Davao, the Packaging Group supplies the carton packaging needs of a broad range of manufacturing and agricultural industries.

Beverage Filling

The beverage filling business is capable of filling beverages in two-piece aluminum cans as well as PET and glass bottles. The business has expanded its capability to include a retort process to serve coffee, milk, and chocolate drinks.

Adding to the existing capacity to fill beverages in PET bottles, the beverage filling facility grew its capability to fill aluminum cans for non-alcoholic beverages and glass bottles for alcoholic beverages. The business also utilizes retort technology, which enables the business to toll fill milk-based, coffee, tea, and soy-based beverages in aluminum cans.

Logistics Services

The Logistics Services started its operations by offering pallets under lease agreements to food, beverage, and storage facilities. It expanded its operations to include trucking services and warehouse management, primarily serving the Packaging Group's internal requirements and some of the SMC's trucking needs.

Production Facilities

The Packaging Group owns and operates three (3) glass plants, one (1) glass and plastics mold plant, three (3) metal packaging plants, three (3) plastics packaging plants, one (1) beverage filling plants, one (1) composite plant, one (1) paper plant and one (1) logistics services facility. The plants are strategically located throughout the Philippines. It also owns and operates 17 international packaging companies, particularly, located in China (glass, plastics, paper and trading of packaging products), Vietnam (glass and metal), Malaysia (composite, plastic films, woven bags and radiant/thermal liners), Australia (trading of packaging products, plastic manufacturing, wine closures and wine filling services, retail/online packaging, cargo protection and materials handling) and New Zealand (plastic manufacturing and trading of packaging product).

Raw Materials

The main raw materials for glass manufacturing are silica sand, soda ash, cullet, and limestone while casting molds, neckring bars and round bars are used in the production of molds. Plastics packaging main inputs are colorants/pigments, inks, HDPE resin, and regrinds while the metal packaging uses Plate TFS, aluminum coil, and lubricants. The main raw materials for flexibles packaging are PET/PP/OPP and other films, PE films, aluminum foil, resins, and inks. In beverage filling, the main raw materials are PET Resin and PP Resin for the PET bottles, and CO₂ for beverage mixing, while paper packaging uses kraft paper. The Packaging Group sources its strategic raw materials from local and foreign suppliers with a supply period of approximately three (3) to 12 months. These suppliers undergo an accreditation process and audits to ensure the delivery of raw materials meets the quality standards of the Packaging Group.

Competition

The Packaging Group believes that it remains to be the leading packaging player in the Philippines. It continues to enjoy majority share of market in the glass, aluminum cans, metal closures, and the plastics segments mainly brought about by the strong performance of the beverage industry.

The influx of imports in flexibles, aluminum cans and glass from China is viewed as competition to the Packaging Group and the Packaging Group believes that providing total packaging solutions coupled with excellent customer service has been a core strength over its competition. Furthermore, SMYPC has been improving and upgrading its manufacturing facilities as well as offer innovative packaging designs to adapt to the market trends.

FUEL AND OIL BUSINESS

SMC operates its fuel and oil business through Petron Corporation. As of June 30, 2025, SMC directly and indirectly owns 71.78% of Petron. Petron is the only oil refining and the leading marketing company in the Philippines and is a major player in the Malaysian market. Petron has a combined refining capacity of 268,000 barrels per day and is engaged in refining crude oil and marketing and distributing refined petroleum products in the Philippines and Malaysia.

In the Philippines, Petron operates the Petron Bataan Refinery in Bataan, which it believes could supply approximately 40% of the country's total fuel requirements and has a production capacity of 180,000 barrels per day. Based on estimates using its internal assumptions and calculations and industry data from the DOE, Petron has a retail market share of approximately 39.2% of the Philippine oil market as of June 30, 2024. This estimate excludes direct imports of jet fuel by airlines, direct imports of naphtha as feedstock for petrochemical plants, direct imports of condensate as fuel for natural gas power plants, and lubes and greases.

The Petron Bataan Refinery processes crude oil into a range of petroleum products, including gasoline, diesel, LPG, jet fuel, kerosene, naphtha, and petrochemical feedstock such as benzene, toluene, mixed xylene and propylene. The completion of phase 2 of RMP-2, a U.S.\$2 billion project for the Petron Bataan Refinery, enabled Petron to convert Black Products into more valuable White Products⁹, which have higher margins. The completion of RMP-2 also increased Petron's production of petrochemicals and made Petron the first oil company in the Philippines capable of producing Euro IV-standard fuels.

From the Petron Bataan Refinery, Petron moves its products, mainly by sea, to terminals and airport installations situated throughout the Philippines, representing the most extensive distribution network for petroleum products in the Philippines. 13 terminals in Luzon, 6 in Visayas and 8 in Mindanao, as well as four airport installations in Luzon, five airport installations in Visayas and three airport installations in Mindanao. Through this nationwide network, Petron supplies its various petroleum products such as gasoline, diesel, and LPG to its customers. Petron also supplies jet fuel to international and domestic carriers at key airports in the Philippines.

Through its network of approximately 1,800 retail service stations in the Philippines as of June 30, 2025, representing approximately 14.0% of the country's total service station count, Petron sells gasoline, diesel, and kerosene to private motorists and to the public transport sector. Approximately 50% of service stations are Petron-owned-dealer-operated service stations ("CODOs") and 50% are dealer-owned-dealer-operated service stations ("DODOs"). CODOs are Petron-owned-dealer-operated stations where Petron's investments include civil works, site development and station hardware (i.e. canopies, pumps, signages, etc.). Petron usually owns or leases the land and owns the building and equipment while dealers provide the working capital and other minor station equipment. DODOs, on the other hand,

⁹ Black Products refer to fuel oil and asphalts. White Products refer to diesel, gasoline, jet fuel, kerosene and LPG.

are dealer-owned-dealer-operated stations where the dealers provide the civil works, site development, working capital and station equipment. The dealers also assume ownership or lease of the land. Under this arrangement, Petron provides the station hardware. Regulation of CODOs and DODOs are generally similar. Pricing is dictated more by logistics and competition rather than the classification of a station.

As of June 30, 2025, Petron's LPG distribution network includes about 2,200 branch and franchise stores where Petron sell its LPG brands *Petron Gasul* and *Fiesta Gas* to households and other consumers. Meanwhile, Petron's Lubes distribution network includes around 60 car care centers, and around 1,650 service stations selling lubes.

Petron diversified into petrochemicals and in 2000 added a mixed xylene recovery unit to the Petron Bataan Refinery and a propylene recovery unit in 2008. Its benzene-toluene extraction unit became operational in May 2009. On July 1, 2014, Petron acquired and took over from Philippine Polypropylene Inc. ("**PPI**"), an indirect subsidiary of Petron, the operations of the polypropylene plant in order to enhance the overall efficiency of its petrochemical operations. The polypropylene plant is located in Mariveles, Bataan and is owned by Robinson International Holdings Limited ("**RIHL**"), an indirect subsidiary of Petron, which has the capacity to produce 160,000 metric tons of polypropylene resin annually. Petron invested in the expansion of its polypropylene plant to capitalize on petrochemical margins. The expansion at the polypropylene plant, which will increase its production capacity from 160,000 MT to 225,000 MT annually.

Petron entered the Malaysian market in March 2012 through the purchase of ExxonMobil's downstream oil business in Malaysia. As of June 30, 2025, Petron ranked third in the Malaysian retail market with approximately 21% market share based on Petron's estimates using its internal assumptions and calculations and industry data from a third-party market research consultant appointed by Malaysian retail market participants to compile industry data. Petron also covers the industrial segment in Malaysia, selling diesel and gasoline to unbranded mini-stations and power plants, as well as to manufacturing, plantation, transportation and construction sectors. Petron owns and operates the Port Dickson Refinery in Malaysia, which has a crude oil distillation capacity of 88,000 barrels per day, and produces a range of petroleum products, including LPG, naphtha, gasoline, jet fuel, diesel and low-sulfur waxy residue ("**LSWR**"). As of June 30, 2025, Petron had 10 product terminals, a PME plant, a network of more than 810 retail service stations, more than 320 Treats convenience stores in Malaysia. Petron has presence in the aviation segment with a 20% ownership of a multi-product pipeline to Kuala Lumpur International Airport. The joint venture through which Petron owns its interest in the multi-product pipeline also owns a fuel terminal, the Klang Valley Distribution Terminal.

Petron's products are primarily sold to customers in the Philippines and Malaysia. Petron also exports various petroleum products and petrochemical products, including LSWR, naphtha, mixed xylene, benzene, toluene and propylene, to other customers in the Asia-Pacific region. Petron's revenues from these export sales amounted to ₱15,318 million or 4% of total sales, as of June 30, 2025.

For the years ended December 31, 2022, 2023, and 2024, Petron's sales were ₱857,638 million, ₱801,027 million, and ₱867,966 million respectively, and net income was ₱6,925 million, ₱10,112 million, and ₱8,471 million respectively

For the six-month period ended June 30, 2024, and June 30, 2025, Petron's sales were ₱444,490 million and ₱386,395 million, respectively, and net income were ₱6,098 million and ₱5,252 million, respectively.

Petron's common shares are listed for trading on the PSE under the symbol "PCOR", while its preferred shares are listed and traded on the same exchange under the symbols "PRF3B", "PRF4A", PRF4B, PRF4C, PRF4D, PRF4E. In Malaysia, Petron's common shares for its subsidiary Petron Malaysia Refining & Marketing Bhd. are listed for trading on the Bursa Malaysia under the symbol "PETRONM."

Petron's US\$550,000,000 senior perpetual capital securities is listed on the Singapore Exchange Securities Trading Limited under the name and "PETRON CORP US\$550M5.95%SPCS".

In Malaysia, Petron's common shares for its subsidiary Petron Malaysia Refining & Marketing Bhd. are listed for trading on the Bursa Malaysia under the symbol "PETRONM."

Selected financial data for the business of Petron are set forth in the table below for the periods indicated:

For the years ended December 31,	For the six months ended June 30,
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	2022 (As restated)	2023 (As restated)]	2024	2024 (As restated)	2025
	(in millions, except percentages)				
	₱	₱	₱	₱	₱
Sales	857,638	801,027	867,966	444,490	386,395
Gross profit	33,850	46,598	46,213	25,569	23,646
Gross profit margin ⁽¹⁾	3.9%	5.8%	5.3%	5.8%	6.1%
EBITDA ⁽²⁾	33,496	45,179	43,076	23,397	23,057
EBITDA margin ⁽³⁾	3.9%	5.6%	5.0%	5.3%	6.0%
Net income before tax	8,405	13,110	12,994	7,639	6,590
Net income before tax margin ⁽⁴⁾	1.0%	1.6%	1.5%	1.7%	1.7%

Notes:

- (1) Calculated as gross profit divided by revenues.
- (2) EBITDA is calculated as net income before: income tax expense, net financing charges (interest income net of interest expense), extraordinary or exceptional items, foreign exchange losses (gains), marked-to-market currency losses (gains), depreciation and amortization and impairment losses.
- (3) Calculated as EBITDA divided by revenues.
- (4) Calculated as net income before income tax divided by revenues.

Strengths

Petron believes that its principal competitive strengths include the following:

The Only Refinery in the Philippines

Since the closure of the Shell Tabangao Refinery in the second half of 2020, the Petron Bataan Refinery has become the only oil refinery in the country. It has a total crude oil distillation capacity of 180,000 barrels per day. Being the only oil refiner in the Philippines, Petron benefits from refining margins while providing supply security to the domestic market.

Over the years, Petron has developed and maintained a strong core base of high-quality petroleum products and has consistently made significant investments in upgrading its facilities. Petron has also focused on increasing production of higher-margin White Products and petrochemicals while minimizing production of low-margin fuel products. In the Philippines, the investment in RMP-2 allowed Petron to produce Euro IV-standard fuels and convert black products into white products.

Petron also completed constructing new facilities and structures on its existing power plant to replace some of its old generators, increase steam production, and expand power generation capacity from 140 MW to 184 MW. This is expected to generate power that would be more than enough for its internal consumption. Petron sells excess power to the grid. With the completion of the new power plant facilities, it is expected that the use of fuel oil at the Refinery will be eliminated, thereby allowing it to convert this fuel oil previously used as refinery fuel into high-value products. In addition, Petron invested in the expansion of its polypropylene plant to increase capacity from 160,000 MT to 225,000 MT annually.

Market leadership in the Philippine downstream oil sector

With a retail market share of 39.2% of the Philippine oil market as of June 30, 2024, Petron believes it is the leader in the Philippine oil industry.

Petron has an extensive network across the country, providing accessible and reliable fuel supply for motorists,

industries, and businesses, and solidifying its position as a market leader in the country's fuel industry.

Petron retails gasoline, diesel, and kerosene to motorists and the public transport sector. Its wide range of world-class fuel includes Blaze 100 Euro 6, XCS, Xtra Advance, Turbo Diesel and Diesel Max. Petron also sells its LPG brands, Gasul and Fiesta Gas, to households and other consumers through its extensive dealership network, numbering approximately 2,200 branch and franchise stores as of June 30, 2025. Petron also manufactures lubricants and greases through its blending plant in Manila and sells these products through its service stations and various lube outlets.

Logistically advantaged supply position in the Philippines

In the Philippines, Petron transports its products from the Petron Bataan Refinery to fuel import terminal facilities throughout the Philippines. The Petron Bataan Refinery remains as the only petroleum refinery in the country.

Petron's extensive logistics network includes 27 terminals and 12 airport installations and reaches most key points in the Philippines. Given the challenges of distribution across the Philippine archipelago, this capability plays a significant role in securing Petron's leading position in the Philippines. From Bataan, products are moved mainly by sea to terminals located across the archipelago. Through its robust distribution network, Petron fuels strategic industries such as power generation, manufacturing, mining, agribusiness, among others. Petron also supplies jet fuel to international and domestic carriers at key airports in the Philippines.

The President of the Philippines recently signed the Corporate Recovery and Tax Incentives for Enterprises Act (Republic Act No. 11534) ("**CREATE Act**") into law last March 26, 2021. As part of the CREATE Act, local petroleum refineries shall be exempted from paying taxes and duties upon crude importation but will be subject to applicable taxes and duties on finished petroleum products upon lifting of refined petroleum products from the refinery. Petron believes that the CREATE Act allows it to be more competitive, as domestic petroleum refineries will now pay taxes upon lifting of finished petroleum products from the refinery, similar to importers of refined fuel which pay taxes upon importation of finished products.

Operations in markets with favorable industry dynamics

Petron operates as an integrated oil refining and marketing company in the Philippines and Malaysia, both of which Petron believes have favorable oil industry dynamics.

In April 2025, the IMF expects Philippines' GDP growth of 5.5% in 2025, mainly on the back of public investment acceleration and improvement in exports. This provides a favorable economic environment to support energy and petroleum products demand growth in the country, despite lingering challenges on global growth and inflation. In addition, the Philippines has one of the lowest per capita car ownerships, and consequently, among the lowest fuel consumption in the region. Petron believes this presents potential room for growth that Philippine fuel retailers can capitalize upon. For Malaysia, the IMF projects GDP growth of 4.40% in 2025.

The Philippines operates under a free market scheme with movements in regional prices and foreign exchange reflected in the pump prices on a weekly basis. Malaysia, on the other hand, operates under a regulated environment where pump prices are set by the government, and an automatic pricing mechanism ("**APM**") is in place which provides stable returns to fuel retailers. Under this program, if government-mandated prices are lower than the fuel products' total built-up cost per the APM, Petron will claim the difference from the Malaysian government as subsidies. Conversely, if government-mandated prices are higher than the fuel products' total built-up cost per the APM, Petron will pay duties to the Malaysian government. Effective June 10, 2024, the Malaysian government implemented targeted diesel subsidy for Peninsular Malaysia, which involves the setting of the diesel fuel price to align with market price and provision of subsidies to targeted groups.

Expanded product offering driving non-fuel retail volumes

Petron's network of service stations in the Philippines and Malaysia offers differentiated and comprehensive services to customers. Beyond just a petroleum station, Petron's service station provides a one-stop service experience to travelers on the road, offering amenities such as Treats convenience stores, restaurants, and specialty shops. These convenience stores, restaurants and specialty shops help generate non-fuel revenues and improve traffic in the service stations.

Since 2013, Petron has partnered with the Royal Malaysia Police ("**RMP**") to set up a Go-To Safety Point ("**GTSP**") at

Petron stations in Malaysia. The GTSP is set up at service stations to allow the public to seek temporary shelter and to enable immediate reach out to the relevant authorities such as RMP, Fire & Rescue Department, ambulance etc. during emergencies. Thus, motorists can enjoy Petron's products and services in a safer and more secure environment.

Enhanced loyalty card program in the Philippines and successful rollout of the Petron App

Petron also offers loyalty programs that complement its retail business, such as the Petron Value Card in the Philippines and the Petron Miles Privilege Card ("**PMILES**") in Malaysia. Petron continues to upgrade existing loyalty programs and offer new and diverse programs to cater to customers' unique needs. Some of the benefits of the Petron Value Card program include 24-hour free towing and roadside assistance, reward points for every purchase and complimentary annual personal accident insurance coverage. PMILES is a loyalty card aimed at ensuring customers enjoy better value, rewards and privileges. PMILES goes beyond fuel, as customers are able redeem instant fuel and mart items, enjoy partner offers through points conversion, promo codes and discounts across a wide range of products and services. Some of PMILES loyalty program partners include Aeon, Baskin Robbins, Grab, Ikea, Lazada, Shopee, among others.

As of June 30, 2025, the extent of Petron's programs includes more than 630,000 Petron Fleet Cards and more than 1.9 million Petron Value Cards (including Petron Super Driver Cards) in the Philippines. In Malaysia, as of June 30, 2025, Petron's programs include more than 176,000 Petron Fleet Cards, more than 69,000 Petron Subsidy Cards, and more than 2.6 million active PMILES cardholder/member accounts.

On the digital front, Petron launched the Petron mobile application (the "**Petron App**") in 2016 as a companion for the everyday Filipino motorist. The Petron App provides value-added services to Petron's customers and increases interaction by cross-selling into non-fuel retail offerings, tie-ups with other merchants and insurance products, among others. In addition, contactless payment solutions through Maya are now offered in about 1,300 service stations nationwide as of June 30, 2025. Marketing programs that increase customer brand awareness, coupled with digital offerings such as online orders and pick-ups at service stations nationwide, increase customer frequency and, in turn, increase fuel sales as well as nonfuel sales.

Established position in the Malaysian downstream oil sector

Petron has an established position in the Malaysian downstream oil sector that provides geographic diversification to its portfolio, an additional platform to expand its business and stability to its operations.

Petron's network of service stations and distribution infrastructure in Malaysia facilitate the capture of a growing share of the market. It includes more than 810 service stations, around 320 Treats convenience stores, and 10 product terminals as of June 30, 2025. Petron also has a presence in the aviation segment with a 20% ownership of a multi-product pipeline ("**MPP**") to Kuala Lumpur International Airport ("**KLIA**"). The Joint venture through which Petron owns its interest in the MPP also owns a fuel terminal, the Klang Valley Distribution Terminal ("**KVDT**").

Petron's fuel supply in Malaysia comes from its Port Dickson Refinery and domestic and import purchases. The Port Dickson Refinery processes crude oil acquired from various sources. Petron has completed the construction of its diesel hydrotreater process unit, allowing the Port Dickson Refinery to comply with the Euro 5 specification for diesel (10 ppm sulfur) mandated by the Malaysian government effective April 2021. Furthermore, Petron has also completed constructing a new marine import facility in 2021 which generates freight cost and demurrage cost savings through decongestion of existing jetty.

The Malaysian government regulates the retail pricing structure through the APM, pursuant to which it mandates (i) the retail prices of certain refined petroleum products and (ii) the product cost built-up. Effective March 30, 2017, the Malaysian government implemented a managed float system under which the Malaysian government fixes the government-mandated retail prices of RON 95 and RON 97 petroleum and diesel on a weekly basis based on the Mean of Platts Singapore. If government-mandated prices are lower than the fuel products' total built-up cost per the APM, Petron will claim the difference from the Malaysian government as subsidies. Conversely, if government-mandated prices are higher than the fuel products' total built-up cost per the APM, Petron will pay duties to the Malaysian government. This regulated environment provides stability to Petron's Malaysian operations in such sectors.

Effective June 10, 2024, the Malaysian government implemented a targeted subsidy on Diesel fuel across Peninsular Malaysia. Under this new system, pump prices for diesel increased to RM3.35 per liter from the previous RM2.20 per liter and is priced at RM2.88 per liter as at 30 June 2025. Subsidies are provided for selected groups/traders using Diesel-powered commercial vehicles, and eligible groups can apply for a RM200 monthly cash subsidy. This adjustment aims

to reduce the financial burden on the government and ensures that subsidies are more effectively targeted towards those in need.

Experienced management team and employees and strong principal shareholder in San Miguel Corporation

Petron has an experienced team of managers with substantial relevant experience in refining operations and development of service stations. In addition, Petron has a team of employees skilled in managing the various aspects of its business, including a highly experienced management team at the Petron Bataan Refinery, a focused sales and marketing team, which includes a group that has years of experience in service station engineering and construction, and a research and development team that has overseen years of product development and production process improvement. Petron is also committed to the development of its employees by adopting ongoing training and development programs to ensure that operations will be run by well-equipped and capable employees. The average tenure of employees in Petron is approximately 8.8 years for the Philippines and 8.6 years for Malaysia as of June 30, 2025.

SMC, which became the controlling shareholder of Petron in 2010, directly and indirectly, holds an effective 71.78% of Petron's outstanding common equity. SMC is among the largest and most diversified Philippine conglomerates, which has market-leading businesses in various sectors, including beverages, food, packaging, energy, fuel and oil, infrastructure and property, and investments in car distributorship and banking services.

Petron believes that it benefits from its relationship as a key material subsidiary of SMC, primarily by realizing synergies, including the provision of fuels for SMC's expanding power generation business, SMC's infrastructure business and its various production facilities as well as cross-marketing opportunities with SMC's consumer and energy-related businesses. It also believes that SMC's strong balance sheet and international reach and relationships increase its leverage and bargaining power with suppliers and financial institutions as well as enhance its sources of funding for its capital expenditure projects.

Strategies

Petron's principal strategies are set out below:

Optimize Refinery Operations and Maximize Refining Margins

Maximize production of high margin refined petroleum products and petrochemicals

After the significant investments in upgrading the facilities in the refinery, Petron will continue to optimize operations and maximize the benefits from its upgraded facilities and further improve production of high-margin petroleum products and petrochemicals.

Ensure reliability and efficiency of refinery operations

Petron continuously improves the operational efficiency and profitability at the refinery, including: (i) implementation of scheduled maintenance turnarounds for reliable refining operations both in Philippines and Malaysia, (ii) enhancing crude optimization program to determine the crude mix that will yield the best product value at the lowest cost, and expanding crude oil supply sources in addition to major crude oil suppliers and (iii) managing crude oil freight costs and availability of terminal-compliant vessels with contracts of affreightment that are competitive with the spot market.

Volume Growth and Sustainable Margins

Maximize volume growth and further increase market share in the downstream oil markets in the Philippines and Malaysia

Petron intends to leverage on its leading market position and extensive retail and distribution network in the Philippines and Malaysia to maximize its revenue and margin potential.

Petron believes that the downstream oil markets in the Philippines and Malaysia are still underserved and have strong potential for growth. To capture this growth and further strengthen its market position, Petron will embark on: (i) implementing competitive pricing programs to boost volumes; (ii) strategically expanding its retail outlets for fuels, and LPG to improve accessibility and availability to its customers; (iii) improving productivity of existing service station and

other sales networks; (iv) introducing new products with differentiated and superior qualities; (v) expanding lubes distribution network by putting up more sales channels such as new lubes outlets, sales centers and car care centers, and penetrating non-traditional outlets such as auto parts and repair shops; (vi) continuing to strengthen and expand its non-fuel businesses by improving the Treats convenience stores and leasing additional service station spaces to food chains, coffee shops and other consumer services or franchising those establishments to provide “value conscious” customers with a one-stop full-service experience; and (vii) intensifying its dealer and sales personnel training to further improve customer service experience.

These initiatives will support the Petron’s growing retail business and continuing service station network expansion.

Improve Supply Chain Reliability and Efficiency

Petron also intends to further enhance efficiencies and reduce distribution costs through supply chain improvements and enhancements to its existing facilities through: (i) expanding receiving and storage facilities and improving existing facilities to support volume growth, and (ii) reducing distribution costs through optimization and expansion of company truck fleet and rationalization of the terminal network.

Continue to pursue, implement, and build on Environmental, Corporate and Social Responsibility initiatives.

Petron intends to continue to pursue, implement and build on its various environmental, corporate and social responsibility initiatives. Sustainability at Petron is integrated in its business. Sustainability is completely aligned with Petron’s business model, its mission, and corporate culture, and aims to benefit the communities that Petron serves. Through its corporate social responsibility (“CSR”) arm, Petron Foundation, Inc. (“PFI”), Petron fuels initiatives that address national concerns in essential areas of education, environment, health and human services, and livelihood in partnership with its host communities, national government agencies and local government units, like-minded organizations, and employee volunteers. For example, for the school year 2024 to 2025, Petron had 2,467 scholars from elementary to college under its “Tulong Aral ng Petron” program, bringing its total number of scholars to over 18,000 since 2002.

In addition, Petron has an active carbon footprint management program through production efficiencies, carbon capturing, and the promotion of energy efficiencies with the installation of LEDs, solar panels and rainwater harvesting facilities in Petron stations and terminals. Petron also continues its reforestation and circular economy initiatives as well as social development initiatives undertaken in all of Petron facilities nationwide.

Moreover, compliance with the various environmental laws such as the Renewable Energy Act, the Biofuels Act, the Clean Air Act, and the Clean Water Act entails costs and additional investments on the part of Petron, resulting in higher production costs and operating expenses. In 2024, Petron spent a total of ₱49.34 million for treatment of wastes, monitoring and compliance, permits, and personnel training at the Petron Bataan Refinery while in 2023, it spent a total of ₱50.63 million.

Production Facilities

The Philippines

In the Philippines, Petron owns the Petron Bataan Refinery complex located in Limay, Bataan, which is a 180,000 bpd full conversion refinery. It has its own product piers and offshore berthing facilities, one of which can accommodate very large crude oil carriers, or “VLCCs”.

The Petron Bataan Refinery is capable of producing a range of all white petroleum products such as LPG, naphtha, gasoline, kerosene, jet fuel and diesel, with no residual fuel oil production. It also produces petrochemical feedstocks benzene, toluene, mixed xylene, and propylene. In December 2016, Petron acquired the cogeneration power plant from SMC Powergen, Inc., which consists of four turbo generators and four solid fuel fired Circulating Fluidized Bed boilers. With the completion of phase 3 in 2022, the cogeneration power plant now consists of six turbo generators with a combined capacity of 184MW and six solid fuel fired Circulating Fluidized Bed boilers with a combined capacity of 1,200 tons per hour. This ensures the sufficient and reliable supply of steam and power for the Petron Bataan Refinery. Excess power is exported to the grid.

In addition to the Petron Bataan Refinery, Petron owns and operates a fuel additives blending plant (the “Subic Plant”) in the Subic Bay Freeport Zone in the Philippines with a capacity of 12,000 metric tons per year.

Petron also operates a lube oil blending plant in Tondo, Manila. The capacity of the New Lube Oil Blending Plant (“**NLOBP**”) is 90,000,000 liters per year per shift.

Malaysia

In Malaysia, Petron owns a petroleum refinery complex located in Port Dickson, Negeri Sembilan. The Port Dickson Refinery has a crude oil distillation capacity of 88,000 bpd.

The Port Dickson Refinery produces a range of petroleum products, including LPG, naphtha, gasoline, jet fuel, diesel and LSWR. With the exception of naphtha and LSWR, these products are intended to meet domestic demand in Malaysia. Petron exports its naphtha and LSWR to various customers in the Asia-Pacific region under term and spot contracts.

Crude oil for the Port Dickson Refinery is received by means of a single buoy mooring (“**SBM**”) and crude pipeline facilities that are jointly owned with Hengyuan Refining Company Berhad (formerly known as Shell Refining Company (Federation of Malaya) Berhad) through an unincorporated joint venture. Under the joint venture, Petron shares 50% of all SBM operating and capital costs and also pays a levy of one-third of the overhead and administrative charges incurred in connection with the operation of the SBM.

Refining Process and Quality Improvement Initiatives

The Petron Bataan Refinery

The Petron Bataan Refinery has been continuously implementing various programs and initiatives to achieve key performance index targets on reliability, processing efficiency, energy efficiency, safety and environmental protection.

To adapt to ever-changing market conditions, the Refinery implements margin enhancement programs to strategize production of higher value product yields.

On December 28, 2020, Petron Bataan Refinery was approved as a FAB-registered enterprise. With this registration, the Refinery would be more competitive and in a better position to sustain its operation to supply fuel for the nation.

In July 2022, phase 3 of the power plant was completed, adding 44MW to the existing co-gen facility. The project aims to benefit Petron by freeing up fuel oil previously used as refinery fuel for conversion to high-value products instead. Likewise, it will also provide revenues through the generation of incremental power for selling to the grid.

The Petron Bataan Refinery also holds three Integrated Management System (IMS) certifications, demonstrating an unwavering commitment to global standards in Quality (ISO 9001), Environmental (ISO 14001), and Safety management (ISO 45001).

The Port Dickson Refinery

The Port Dickson Refinery uses an Integrated Management System (“**IMS**”) in support of its operations. Embedded within the IMS are the Petron Operation Integrity Management System (“**POIMS**”), Control Management System (“**CMS**”), and Product Quality Management System (“**PQMS**”). In addition, the Port Dickson Refinery also practices the Loss Prevention System (“**LPS**”), the PDR Reliability System (“**PRS**”) and plant optimization initiatives for improved plant efficiency.

The Port Dickson Refinery adopted IMS in 2019 to align all existing processes under one management system. The POIMS provides a structured approach to the management of risks related to safety, security, health, environment (“**SSHE**”) and operation integrity to comply with local regulations and laws. CMS provides a process for ensuring that Corporate Policies and In-Line Controls are implemented and effectively sustained over time. PQMS provides a work process to ensure high quality products delivered to customers. The Port Dickson Refinery was awarded with the IMS certification on December 24, 2019.

To increase plant reliability, the Port Dickson Refinery adopted the PRS, which utilizes a risk-based equipment strategy and aims to improve mechanical efficiency through routine work planning, scheduling and execution. The Port Dickson Refinery also continuously seeks improvement in the areas of process optimization, flaring, oil loss and energy conservation through the use of advanced process computer control and an integrated plant information system.

Raw Materials

Philippine Operations

The main raw material used in the Petron Bataan Refinery's production process is crude oil. Petron's crude oil optimization strategy includes the utilization of various types of crude oil, ranging from light and sweet crude to heavier, more sour alternative crude.

Petron acquires crude oil for the Petron Bataan Refinery primarily through arrangements with its wholly owned subsidiary Petron Singapore Trading Pte. Ltd. ("**PSTPL**"), which, in turn, obtains crude oil from foreign sources through a combination of term and/or spot purchase contracts. For Petron's various crude requirements for 2025, PSTPL has term contracts with Saudi Aramco, KPC, SOMO and SIETCO. Pricing is determined through a formula that is linked to international industry benchmarks. The contract with Saudi Aramco is automatically renewed annually unless either Petron or Saudi Aramco elects to terminate the contract upon at least 60 days' written notice prior to its expiration date. The contracts with KPC and SOMO are from January 1, 2025 to December 31, 2025. The contract with SIETCO is for three years from November 6, 2023 as of this date.

Several other crude oils are purchased on spot basis from various suppliers.

PSTPL has a term contract for the year 2025 to purchase group II base oils (J500 (500N) and J150 (150N)) and avgas. Group II base oil is Petron's main feedstock to produce automotive, industrial, and marine lubricants, while avgas is used for aviation fuel requirements.

PSTPL has a term contract for the year 2025 to purchase Asphalt and LPG. These term contracts are tendered annually and awarded to the most competitive supplier(s). Pricing is calculated using a formula based on an international standard price benchmark for these products.

Petron may import gasoline, diesel, and jet fuel. These imports are necessary if there is higher demand in the Philippines and during maintenance of the Petron Bataan Refinery. Petron ceased producing fuel oil, a lower margin product, upon the completion of the RMP-2. Pricing for products being imported is usually based on Mean of Platts Singapore.

Malaysian Operations

The main raw materials used in the Port Dickson Refinery's production process are crude oil and condensate. The Port Dickson Refinery is designed to process sweet crude oil. Petron's crude oil optimization strategy includes diversification in processing different types of local as well as regional sweet crude oil.

Petron acquires crude oil and condensate for the Port Dickson Refinery from various sources, through a combination of term purchase contracts and spot market purchases. Petron has a term supply contract for Tapis crude oil and Terengganu condensate with Exxon Mobil Exploration and Production Malaysia Inc. ("**EMEPMI**") until March 2026, supplemented by other short-term supply contracts and spot crude purchases. As June 30, 2025, about 47% of the crude and condensate volume is sourced from EMEPMI, while the balance from other term and spot purchases. Pricing is determined through a formula that is linked to international industry benchmarks. Petron also utilizes Port Dickson Refinery spare capacity for crude processing arrangement of third parties to optimize utilization and benefits.

A portion of the Petron's palm oil methyl ester requirements for its bio-diesel mix are sourced from the PME plant acquired by Petron Malaysia Refining & Marketing Bhd in March 2019. The plant is located at Lumut, Perak and has an annual capacity of 78,000 metric tons. Petron purchases the balance of its PME requirements from other Malaysian government-approved local suppliers. PME is the biocomponent of the biodiesel mix sold to domestic customers in Malaysia. Petron produces a biodiesel mix comprising 7%/10%/20% PME: 93%/90%/80% diesel for the Retail sector and 7%/10% PME: 93%/90% diesel for the Commercial sector (with exception for electricity power generation and bunkering) mainly for the transportation and subsidized segment, following the Malaysian Biofuel Industry Act of 2007.

A second PME plant is currently being constructed at Port Dickson with an annual rated capacity of 146,000 metric tons to cater for the rest of the PME requirements for the biodiesel sales of Petron in Peninsular Malaysia. The plant is expected to be commissioned in 2026.

Petron also imports LPG, diesel, gasoline, jet fuel and some gasoline blending components into Malaysia to support

domestic demand beyond its production level. These imports are purchased through term purchase contracts and in the spot market. Pricing is usually based on Mean of Platts Singapore for diesel, gasoline, jet fuel and some gasoline blending components, or Saudi CP for LPG.

Utilities

The principal utilities required for Petron's production process are water, electricity and steam.

Water

Deep wells and a seawater desalination plant provide the Petron Bataan Refinery's water requirements.

The Port Dickson Refinery's clean water requirements for the process units are sourced from the local municipal water source. Water for fire-fighting purposes is sourced from a lagoon located within the Port Dickson Refinery complex, supplemented by a municipal water storage tank.

Electricity and Steam

The Petron Bataan Refinery's electricity and steam requirements are sourced from the Petron Bataan Refinery's existing turbo and steam generators as well as from its cogeneration power plant. The cogeneration power plant was acquired by Petron in December 2016 from SMC Powergen Inc., a subsidiary of SMC and an affiliate of Petron. With the completion of phase 3 in 2022, the cogeneration power plant now consists of six turbo generators with a combined capacity of 184 megawatts and six solid fuel fired Circulating Fluidized Bed boilers with a combined capacity of 1,200 tons per hour.

The Port Dickson Refinery's electricity requirements are purchased from Tenaga Nasional Berhad, the Malaysian national electricity provider, while the Port Dickson Refinery's fired and waste heat boilers supply the steam requirements of the refinery's process units.

Sales and Marketing

The major markets in the petroleum industry are Retail, Industrial, LPG and Lube Trades. Petron sells its products to both industrial end-users and through a nationwide network of service stations, LPG dealerships, sales centers and other retail outlets. It also supplies jet fuel at key airports to international and domestic carriers.

Petron is not dependent on a single customer or a few customers. No single customer of Petron accounts for at least 20% of its sales.

The Philippines

In the Philippines, Petron operates the only integrated oil refinery and is a leading oil marketing company. Petron had a retail market share of 39.2% of the Philippine oil market for the period ended June 30, 2024.

Retail Service Stations

Petron had a network of around 1,800 retail service stations in the Philippines as of June 30, 2025, according to Petron's estimates. Most of these stations are located in Luzon, where demand is heaviest.

Petron employs two (2) types of service station operating structures in the Philippines: (i) CODO, which are company-owned-dealer-operated service stations, and (ii) DODO, which are dealer-owned-dealer-operated service stations. For CODOs, Petron buys or leases the land and owns the service station structures and equipment, but third-party dealers operate the CODOs. For DODOs, third-party dealers buy or lease the land, build service station structures according to Company specifications, lease the service station equipment from Petron, and operate the DODOs. As of June 30, 2025, approximately 50% of Petron's retail service stations in the Philippines were CODOs, and approximately 50% were DODOs.

Petron's DODO Network includes Petron Bulilit Stations which are small service stations that provide the flexibility to establish a presence even in remote rural areas and make Petron's products and services accessible to more Filipinos.

To improve traffic in Petron's service stations and increase potential revenues of Petron's non-fuel business, Petron established Treats convenience stores and leases space to quick-serve restaurants and other consumer service shops in strategic service stations nationwide. The Treats convenience stores were rebranded under the brand name San Mig Food Avenue in 2011 pursuant to an agreement with San Miguel Foods Inc. The convenience stores are operated by dealers through a franchise obtained from San Miguel Foods, Inc. opened stores in Manila under the brand name "Treats," with permission from San Miguel Foods, Inc. for the use of the brand name. On March 1, 2021, Petron reacquired the Treats convenience store business from the San Miguel Food Group. The acquisition covered fixed assets in the stores, inventory, and intangible assets such as contracts and the Treats trademarks. On June 29, 2021, Petron acquired additional Treats assets from Foodcrave Marketing, Inc. The Treats acquisition optimizes the synergies between the operation of the Petron service stations and the Treats outlets located in the service stations, resulting in operational efficiencies and savings, unified customer marketing programs, maximized exposure of the Treats brand, and the provision of holistic business consulting to dealers on their businesses within the service station. As of June 30, 2025, there are more than 50 Treats outlets nationwide.

Petron continues to install the point of sale ("POS") system across its retail network throughout the Philippines. POS systems are used for gaining efficiencies through automating retail transactions and the proper monitoring of actual sales in service stations. As of June 30, 2025, Petron had installed POS terminals in approximately 1,200 retail service stations in the Philippines.

Industrial Sales

Petron believes it is the leading supplier to the Philippine industrial sector, which includes major manufacturing, aviation, marine, and power accounts. Petron had more than 1,300 direct industrial account customers as of June 30, 2025.

LPG

Petron is a leading market participant in the Philippine LPG market in terms of market share. Petron has set up more than 2,200 branch and franchise stores through its Gasul and Fiesta Gas LPG dealers as of June 30, 2025. Petron has commissioned about 21 mini-refilling plants in the Philippines as of June 30, 2025 to broaden the reach of Petron's LPG products and make them accessible to more Filipinos.

Lubricants, Specialties and Petrochemicals

To augment lubricants and greases sales, Petron has a network of about 60 Car Care Centers, around 43 Petron Lube Distributors, and around 15 Key Accounts throughout the Philippines as of June 30, 2025. Petron capitalizes on the strong lubricant distribution network of non-traditional outlets such as automotive and motorcycle parts outlets and automotive repair shops, and expanded LPG-outlet network by utilizing its LPG branch stores as outlets for Petron's lubricants and specialty products.

Petron exports various petroleum products such as lubricants and petrochemical feedstock, including naphtha, mixed xylene, benzene, toluene and propylene, to customers in the Asia-Pacific region. These products are sold through accredited traders and to end-users under term or spot contracts.

Polypropylene is sold mostly to companies engaged in the manufacture of packaging materials.

Loyalty Programs

Petron actively pursues initiatives to improve customer service and promote customer loyalty. In 2004, Petron launched the Petron Fleet Card, the first microchip-powered card in the Philippines, which is a credit card that offers rebates and discounts on fuel, lubricants and services and provides 24-hour free towing and roadside assistance to cardholders. As of June 30, 2025, more than 630,000 Petron Fleet Cards had been issued in the Philippines. In 2008, Petron launched Petron e-Fuel Card as a promotional item. To maximize patronage of its service stations and related businesses, Petron launched a loyalty program in October 2011 through its Petron Value Card, which offers 24-hour free towing and roadside assistance, rewards points for every purchase and complimentary annual personal accident insurance coverage. In 2014, Petron introduced the Petron Super Driver Card, a variant of the Petron Value Card, to the public utility vehicle sector, specifically targeting the taxi and tricycle markets. As of June 30, 2025, Petron has issued approximately 1.9 million Petron Value Cards (including Petron Super Driver Cards).

Malaysia

Petron's fuels marketing business in Malaysia is segmented into retail and commercial business.

Retail Business

The retail business markets fuel and its related products through a dealer network comprising more than 810 retail service stations located throughout Peninsular and East Malaysia as of June 30, 2025. In Malaysia, Petron uses the CODO and DODO operating structures for its retail service stations. CODO accounted for approximately 54% of the total retail service station network of Petron while DODOs made up the 46% balance. Petron also has approximately 320 Treats convenience stores, generating non-fuel income and improving traffic in the service stations.

To further enhance the customer service experience in Malaysia, Petron launched the "Fuel Happy" campaign in 2015 with various marketing activities and events organized to reward and enchant the customers. This was followed by "Best Day at Petron" campaign launched in 2017. In 2016, Petron pioneered the country's first premium fuel with the rollout of Petron Blaze 100. As of June 30, 2025, Blaze 100 is available in more than 110 stations, mainly located in Klang Valley and the southern city Johor Bahru. Petron also offers Petron Turbo Diesel Euro 5, a premium plus diesel fuel with 7% biodiesel mix that meets Euro 5 standards, even prior to the mandatory implementation of Euro 5 diesel standards set by the Malaysian government beginning April 1, 2021. As of June 30, 2025, Petron has more than 380 service stations offering Turbo Diesel Euro 5.

Distribution

The Philippines

Petron's main storage facility in the Philippines was formerly located in Pandacan, Manila. The reclassification by local authorities of the area occupied by the Pandacan terminal prohibited the continued operation of Petron's facility in Pandacan as a petroleum storage facility and necessitated relocation to other alternative sites in Luzon. Petron ceased its petroleum product storage operations in Pandacan in January 2015.

To serve its domestic markets, Petron maintains 39 terminals and airport installations situated throughout the Philippines, representing the most extensive distribution network for petroleum products in the Philippines. The network comprises 13 terminals in Luzon, six in the Visayas and eight in Mindanao, as well as four airport installations in Luzon, five airport installations in the Visayas and three airport installations in Mindanao. Terminals have marine receiving facilities, multiple product storage tanks for liquid fuels and LPG, drummed products storage, and warehouses for packaged products such as lubricants and greases. From the Petron Bataan Refinery, refined products are distributed to the various terminals and direct large consumer accounts using a fleet of company-owned and contracted barges and tankers, and to service stations and industrial accounts through a fleet of company-owned and contracted tank trucks. The barges and tankers are chartered on term or spot contracts from third-party ship owners. From the storage terminals, bulk products are hauled by company-owned and third-party tank trucks to service stations and industrial accounts. Under the terms of the applicable contracts, the third-party owners of the contracted barges, tankers and tank trucks that are used to haul Petron's products are liable for losses and environmental issues that may arise while the products are being transported.

In its Philippine LPG business, Petron has a nationwide network of retail dealerships and outlets. Some service stations carry Petron's LPG products and accessories. Petron has stand-alone LPG operations in its terminals in Pasig City, Legazpi City, San Fernando City in Pampanga and San Pablo City in Laguna.

Lubricants and greases in various packages are transported by container vans to bulk plants and terminals outside Metro Manila. Package trucks owned by third parties are utilized to deliver these lubricants and greases to various customers in Metro Manila and Luzon. Sales counters throughout the Philippines are appointed to sell these products.

Petron has airport installations at the Ninoy Aquino International Airport ("NAIA") and 11 other airports located in major urban centers in the Philippines. These installations provide storage of aviation fuels as well as refueling services for various aircraft. Petron has presence in the airports of NAIA, Puerto Princesa City, Laoag and Clark in Luzon, Mactan, Bohol, Kalibo, Caticlan and Iloilo City in the Visayas, as well as in Davao City, Laguindingan and Zamboanga City in Mindanao via mobile into plane refueling equipment.

Malaysia

Products from the Port Dickson Refinery are distributed to service stations and commercial accounts through tank trucks that lift products via the Port Dickson Terminal's tank truck loading facilities. These loading facilities are connected to the storage tanks inside the refinery. The refinery's produced volume is also sent to Klang Valley Distribution Terminal ("KVDT") through a multi-product pipeline. Tank trucks lift products from KVDT for delivery to Petron customers. The other terminals source products through imports from regional suppliers. Products are lifted from the terminals via tank trucks and delivered to service stations and commercial accounts. The Port Dickson terminal is located beside the Port Dickson Refinery, while the other terminals are located near major fuel product market areas.

Jet fuel is transported from the Port Dickson Refinery to KLIA through a multi-product pipeline (the "MPP"), which is jointly owned by Petron through its 20% ownership interest in an unincorporated joint venture with Petronas Dagangan Berhad ("PDB") and Shell Malaysia Trading Sdn Bhd ("Shell Malaysia"), each of which has a 40% ownership interest. The MPP is a fungible products pipeline for transporting gasoline, diesel and jet fuel and is operated by PS Pipeline Sdn Bhd, a 50-50 joint venture between PDB and Shell Malaysia.

The joint venture through which Petron owns its interest in the MPP also owns the KVDT, where fuel inventory is commingled. Prior to 2015, Petron only used the MPP to transport jet fuel to KLIA and not for transporting gasoline or diesel to the KVDT. In 2015, Petron successfully completed a project linking the Port Dickson Refinery to the MPP to transport gasoline and diesel products to KVDT. This improved Petron's logistics and reduced cost of delivery to service stations in the Klang Valley area, a major market.

LPG is bottled at the Port Dickson and Westport terminals. Most redistribution centers and stockists collect bottled LPG directly from the Port Dickson and Westport terminals. Petron has an LPG storage and bottling facility at West Port (part of Port Klang, the principal port facility serving the Klang Valley), which is a 50-50 joint venture between Petron and Boustead Petroleum Marketing Sdn Bhd. Both terminals also load Bulk LPG for industrial customers. Petron had also contracted third-party bottling facilities to expand the reach of its Gasul products in Perak and Penang in the north, Kelantan in the east coast and Johor in the south.

Petron entered the Sarawak retail market in February 2017 with an initial six DODO stations, subsequently increasing the number to 13 as of June 30, 2025. These stations are supplied through a sales and purchase term agreement with a local company, Petronesa Trading Sdn Bhd, from independent terminals located in Kuching and Tanjung Manis.

Competition

The Philippines

In the Philippines, Petron operates in a deregulated business environment, selling its products to individual, commercial and industrial customers. The enactment of the Downstream Oil Industry Deregulation Law in 1998 effectively removed the rate-setting function of the Philippine government through what was then known as the Energy Regulatory Board, leaving price-setting to market forces. It also opened the oil industry to free competition.

The Philippine downstream oil industry is deregulated and has seen the entry of approximately 500 other industry market participants, rendering the petroleum business highly competitive. Petron operates the only petroleum refinery in the country. The rest of the industry market participants are importers of finished petroleum products or purchase finished petroleum products from other market participants in the local market. In the Philippines, Petron competes with other industry market participants on the basis of price, product quality, customer service, operational efficiency and distribution network, with price being the most important competitive factor. Providing total customer solutions has increased in importance as consumers became more conscious of value.

Petron participates in the reseller (service station), industrial, LPG and lube sectors through its network of service stations, terminals, dealers and distributors throughout the Philippines. In the reseller sector, competition is most dynamic among the major firms, as seen through the construction of service stations by Shell, Chevron, Total Philippines, Phoenix Petroleum, Seaoil and other new participants in major thoroughfares. Petron has around 1,800 retail service stations as of June 30, 2025, reaching more customers throughout the Philippines. Participants in the reseller and LPG sectors continue to resort to aggressive pricing and discounting in order to expand their market share. The number of major LPG importers in the Philippines increased from three, prior to deregulation, to about seven, with new entrants having more flexible and bigger import receiving capacities. In the industrial sector, the major market participants continue to invest heavily in order to increase their market share and tap new markets. In the lubricants sector, intense competition among many brands, including global brands such as Castrol, Mobil, Shell and Caltex, continues. Brands

compete for limited shelf space, which has led to the penetration of previously unutilized markets, such as auto dealerships in malls.

Petron is the leader in the Philippine downstream oil industry with a retail market share of 39.2% of the Philippine oil market for the period ended June 30, 2024. Approximately 400 smaller oil market participants, which started operations after the deregulation of the oil industry in 1998, account for the remaining market share. Petron believes that it is the leader in terms of domestic sales volumes based on company estimates using its internal assumptions and calculations and industry data from the DOE as of June 30, 2023.

Petron believes that its competitive advantages include organization, technology, assets, resources and infrastructure. Petron continues to implement initiatives aimed at improving operational efficiencies, managing costs and risks, and maximizing utilization of its assets and opportunities.

Malaysia

In the retail service station business, Petron's Malaysian operations compete with five other main participants in the market, namely, Petronas, Shell, Caltex, BHPetrol, and Five Petroleum. Of these five, only Petronas has refinery operations in Malaysia. Market players compete in terms of product quality, customer service, supply reliability and availability. Pricing of gasoline and diesel at retail service stations is not a competitive factor since the Malaysian government regulates the pricing of these products through the APM.

Petron continues to grow its retail market share to around 21%, with over 810 service stations in Malaysia as of June 30, 2025. With Petron's customer-centric programs, service station facilities upgrades, continued retail network expansion program, introduction of innovative product lines, and improvements in logistics and refinery capabilities, Petron believes that it is well positioned to compete in the retail segment.

Petron continues to face intense competition in the industrial, aviation and wholesale market segments from other local and multinational oil companies. Petron uses its local production from the Port Dickson Refinery and its strategic terminal locations across Malaysia to remain competitive in these segments. Besides the mini stations, fisheries and some selected transportation sectors, which are governed by the APM, other sectors do not benefit from the subsidies provided for under the APM. Major participants resort to aggressive pricing in these segments in order to expand market share. The aviation market is also very competitive, as the three local refiners offload their jet fuel through the MPP to KLIA. Sales of jet fuel at the other Malaysian airports are supplied by the oil companies having the necessary storage and logistics capability. In the LPG segment, Petron competes with Petronas and NGC Energy Sdn Bhd, among others. The APM applies only for sales of LPG for domestic/household cylinders and does not cover sales of industrial and bulk LPG. Competition in this market is driven by supply reliability, dealer network efficiency and customer service. Petron, being well established, remains competitive in this segment. Overall, Petron's commercial sales remain competitive as a result of Petron's reliable and steady supply of quality fuel to sectors such as transportation, manufacturing, construction, mining, agriculture, and power generation.

The lubricants and specialties market is dominated by traditional global brands as well as established local participants. Petron leverages on its growing network of service stations and lubes distributors to market its products and to provide brand presence. Price is a major competitive factor in this market. Petron believes that it is well positioned to compete in this market due to its growing brand strength and widening network of distributors as well as national consumer promotion through service station and independent workshops.

Health, Safety and Environmental Matters

Petron is guided by its Corporate Health, Safety and Environment Policy (the "**Corporate HSE Policy**"). The principles of the Corporate HSE Policy apply to all assets, facilities, and operating and support groups of Petron. Petron has a Corporate Technical Services Group ("**CTSG**") responsible for formulating, implementing and enforcing its employee health, safety and environment policies, as well as ensuring compliance with applicable laws and regulations in the Philippines.

Research and Development

To enhance productivity and efficiency, improve costs and strengthen its competitiveness, Petron engages in research and development to identify improvements that can be made to its products and production processes. Petron's Research and Development Department ("**R&D**") conducts various technical research and testing activities to develop

and enhance the performance of products and optimize production processes. In addition to research and product development, it also engages in quality control and technical training. The development, enhancement and testing of new products are continuing business activities of Petron.

R&D develops revolutionary products that meet and exceed the highest industry quality standards. Petron utilizes latest and proven technology in developing new fuel and lubricant products to improve product performance, quality level and cost-effectiveness. R&D also continuously seeks ways to develop more ecofriendly petroleum products. Petron remains fully compliant with all government laws and regulations such as the Clean Air Act and the Biofuels Act.

Expenses relating to research and development amounted to approximately ₱61 million in 2022, approximately ₱87 million in 2023, and approximately ₱87 million in 2024.

The R&D group also spearheaded the implementation of Total Quality Management (“**TQM**”) at the terminals, service stations, and Petron Research and Testing Center (“**PRTC**”) laboratories. TQM is a management system where all members of the organization participate and work together in improving processes by eliminating unnecessary steps and doing value-adding and innovative activities, thereby resulting to a more efficient, productive, and cost-saving operations.

With the implementation of TQM, Petron terminals were able to optimize resources and safeguard product quality with the use of quality assurance tools. TQM has expanded its scope to marine vessels by issuing guidelines in marine vessel tank cleaning resulting to substantial improvement in vessel turn-around and savings in tank cleaning cost. Further, R&D has continually implemented process improvement programs at service stations that reduce business losses and operating cost. PRTC laboratories were also able to save on operating costs by rationalizing critical test properties and focusing on customer requirements. With this quality system, the laboratories were able to develop innovative procedures that enhance operating efficiency, reduce hazardous waste, and provide customer-focused services. The Petron TQM program works in conjunction with Incident Prevention System wherein it focuses on quality management system without compromising loss in safety, business opportunity, and capital expenditures.

Petron’s testing facilities are ISO/IEC17025 accredited, a testament to its ability to perform tests and analyses in accordance with global standards. R&D also has long-standing partnerships with leading global technology providers in fuels, lubricants and grease products. In addition, it provides technical training to keep internal and external customers updated about the latest technology trends. By providing these updates, it fosters a culture of continuous learning, innovation within the organization, and technical expertise and competitiveness in the industry.

ENERGY BUSINESS

SMC entered the power industry in 2009 following the acquisition of rights to administer the output produced by IPPs in privatization auctions conducted by the Government through the PSALM. The following companies under the SMC Group became the IPP Administrator (“**IPPA**”) of the following plants: (1) Sual Power Inc. (“**SPI**”) became the IPPA for the Sual Power Plant, a coal-fired thermal power plant located in Sual, Pangasinan, in November 2009; (2) San Roque Hydropower Inc. (“**SRHI**”) became the IPPA for the San Roque Power Plant, a hydroelectric power plant located in San Manuel, Pangasinan, in January 2010, and (3) South Premiere Power Corp. (“**SPPC**”) also became the IPPA for the Ilijan Power Plant, a natural gas-fired combined cycle power plant located in Ilijan, Batangas, in June 2010. The Ilijan Power Plant was turned over by PSALM to SPPC in June 2022 while the Sual Power Plant was turned over by PSALM to SPI in October 2024 both in accordance with the terms of their respective IPPA agreements (the Sual Power Plant, Ilijan Power Plant and San Roque Power Plant are collectively referred to as the “**IPPA Power Plants**” to the extent applicable prior to the turnover of the power plants by PSALM to SMGP).

An IPPA under the relevant IPPA agreement has the right to sell electricity generated by the power plants owned and operated by the relevant IPPs without having to bear any of the large upfront capital expenditures for power plant construction or maintenance. As an IPPA, SRHI also has the ability to manage both market and price risks by entering into bilateral contracts with offtakers while capturing potential upside from the sale of excess capacity through the WESM.

In September 2010, SMC consolidated its power generation business through the transfer of its equity interests in SPI, SRHI and SPPC to SMGP. SMGP also became a wholly-owned subsidiary of San Miguel Corporation and had at that time 2,545 MW combined contracted capacity from the IPPA Power Plants.

Chromite Transactions

On March 1, 2024, Meralco PowerGen Corporation (“**MGen**”) and Therma NatGas Power, Inc. (“**TNGP**”, a subsidiary of Aboitiz Power Corporation), through their joint venture entity (MGen and TNGP shareholdings at 60% and 40% each, respectively), Chromite Gas Holdings, Inc. (“**Chromite Gas Holdings**”) entered into binding agreements with SMGP and its relevant subsidiaries for Chromite Gas Holdings to jointly invest for a 67% equity interest in each of the following SMGP gas-fired power plants and assets: (i) the operating Ilijan Power Plant owned by SPPC, (ii) the adjacent BCC Power Plant owned by Excellent Energy Resources, Inc. (“**EERI**”), and (iii) land owned by IPIEC where the BCC Power Plant, the Batangas LNG Terminal and their respective related facilities are located. SMGP and Chromite Gas Holdings also entered into a binding agreement to jointly acquire Linseed Field Corporation (“**LFC**”) the developer of the Batangas LNG Terminal. The Batangas LNG Terminal is an integrated LNG import terminal at Barangay Ilijan, Batangas City, adjacent to the Ilijan Power Plant and the BCC Power Plant, which is designed to utilize onshore regasification and storage facilities supplemented with a floating storage unit. The foregoing investments are collectively referred to as the “**Chromite Transactions**”.

On December 23, 2024, the Philippine Competition Commission announced its decision to approve the transactions and on January 27, 2025, SMGP announced the completion of the Chromite Transactions. Following such completion, SMGP retains a 33% interest in each of SPPC, EERI and IPIEC and approximately 33% of LFC.

Greenfield, IPP and JV Power Projects

Building on its experience as an IPPA since San Miguel Corporation’s transfer of interests in SPI, SRHI and SPPC, SMGP embarked on the development of its own greenfield power projects. In 2013, SMGP initiated two greenfield power projects, namely, the construction of the 2 x 150 MW Davao Greenfield Power Plant which is owned by Malita Power Inc. (“**MPI**”), its wholly-owned subsidiary, and the 4 x 150 MW Limay Greenfield Power Plant which is owned by Limay Power Inc. (“**LPI**”), another wholly-owned subsidiary. Units 1, 2, 3 and 4 of the Limay Greenfield Power Plant commenced commercial operations in May 2017, September 2017, March 2018 and July 2019, respectively, while Units 1 and 2 of the Davao Greenfield Power Plant commenced commercial operations in July 2017 and February 2018, respectively.

SMGP also pursued strategic acquisitions to increase its energy portfolio. In November 2014, SMGP, through its subsidiary PowerOne Ventures Energy Inc. (“**PVEI**”), acquired a 60% stake in Angat Hydropower Corporation (“**AHC**”), the owner and operator of the 218 MW Angat Hydroelectric Power Plant (“**AHP**”).

In March 2018, SMGP completed the acquisition of 51% and 49% equity interests in SMCGP Masin Pte. Ltd. (“**SMCGP Masin**”, formerly Masin AES Pte. Ltd.) from AES Phil Investment Pte. Ltd. (“**AES Phil**”) and Gen Plus B.V., respectively. SMCGP Masin indirectly owned, through its subsidiaries, at the time of such acquisition, Masinloc Power Co. Ltd. (“**MPCL**”) and SMGP Kabankalan Power Co. Ltd. (“**SMGP Kabankalan**”, formerly SMCGP Philippines Energy Storage Co. Ltd.) (SMCGP Masin and its subsidiaries are collectively referred to as the “**Masinloc Group**”). MPCL owns the 1 x 344 MW (Unit 1), 1 x 344 MW (Unit 2), 1 x 335 MW (Unit 3) coal-fired power plants, (together, comprising the “**Masinloc Power Plant**”) and the 35.285 MWh BESS project (“**Masinloc BESS**”), all located in Masinloc, Zambales, while SMGP Kabankalan holds the 33.867 MWh BESS facility in Kabankalan, Negros Occidental (“**Kabankalan BESS**”). The capacity of Phase 1 of Kabankalan BESS (20 MWh) is contracted under an Ancillary Service Procurement Agreement (“**ASPA**”) with the NGCP with a term of 5 years which commenced in January 2022.

On September 19, 2018, Prime Electric Generation Corporation (“**PEGC**”) and Oceantech Power Generation Corporation (“**OPGC**”), both wholly-owned subsidiaries of SMGP, purchased the entire partnership interests in SMGP Kabankalan from subsidiaries of SMCGP Masin. SMGP was admitted as an additional limited partner of SMCGP Masinloc Partners Co. Ltd. (“**MAPACO**”) in 2019 (a limited partnership under the Masinloc Group) and of MPCL in June 2020. In 2022, SMGP was also admitted as a partner of SMCGP Masinloc Powers Co. Ltd. (“**MAPOCO**”, a limited partnership under the Masinloc Group) and now owns 99.96% partnership interest in MAPACO after SMCGP Masin’s 50.68% partnership interest in MAPACO and 60% partnership interest in MAPOCO were transferred to SMGP following the approval of SMCGP Masin’s petition for withdrawal of its license to operate by the Philippine SEC in August 2022.

In July 2018, PEGC acquired the entire equity interest of ALCO Steam Energy Corp. in Alpha Water Realty & Services Corporation (“**Alpha Water**”), representing 60% of the outstanding capital stock of Alpha Water. As a result, SMGP now effectively owns 100% of Alpha Water through its subsidiaries, PEGC and MPCL. Alpha Water is the owner of the land on which the Masinloc Power Plant and Masinloc BESS in Zambales Province are located.

On June 2, 2022, SMGP acquired 50% interest in Isabel Ancillary Services Co. Ltd. (“**IASCO**”) through the acquisition by Power Ventures Generation Corporation (“**PVGC**”) of 49.31% limited partnership interest in IASCO and the acquisition

by PEGC of 50% equity interest in Isabel AS Holdings Corp., the sole general partner which owns 1.38% partnership interest in IASCO. IASCO is the operator of the 70 MW Modular Diesel Engine Power Plant in Isabel, Leyte.

SMGP, through its subsidiary Mariveles Power Generation Corporation (“**MPGC**”), developed and constructed the Mariveles Greenfield Power Plant, a 4 x 150 MW circulating fluidized bed coal-fired power plant and associated facilities in Mariveles, Bataan using high efficiency, low emission (“**HELE**”) technologies. Unit 1, Unit 2 and Unit 3 commenced commercial operations on March 28, 2024, September 26, 2024 and October 26, 2024, respectively, while Unit 4 achieved commercial operations on January 9, 2025.

In addition, and as part of SMGP’s diversification of its power portfolio away from traditional coal technologies, SMGP, through Excellent Energy Resources Inc. (“**EERI**”), constructed the Batangas Combined Cycle Power Plant (“**BCC Power Plant**”). The BCC Power Plant is a 1,320 MW (with a Pmin of 3 x 195 MW) combined cycle power plant located in Barangays Ilijan and Dela Paz Proper, Batangas with a net load of 1,275 MW. The BCC Power Plant utilizes regasified liquefied natural gas (“**LNG**”). Unit 1 and Unit 2 of the BCC Power Plant commenced commercial operations in December 2024 and January 2025, respectively, while Unit 3 commenced commercial operations in April 2025. On February 5, 2024, EERI executed a power supply agreement with Meralco for the supply of 1,200 MW capacity after it was declared as winning bidder in the competitive selection process conducted by Meralco on January 5, 2024, for its 1,800 MW power requirements. To date, the PSA has commenced supply. Following the completion of the Chromite Transactions, SMGP retains a 33% interest in EERI.

SMGP, through its subsidiaries SPI, SRHI, AHC, LPI, MPI, MPCL and MPGC, sells power through offtake agreements directly to customers, including Meralco and other distribution utilities, electric cooperatives and industrial customers, or through the WESM. The majority of the consolidated sales of SMGP are through long-term take-or-pay offtake contracts most of which have provisions for passing on fuel costs, foreign exchange differentials and certain other fixed costs.

Retail and Distribution

SMGP has also expanded its sale of power to a broader range of customers, including retail customers. In particular, certain subsidiaries of SMGP were issued Retail Electricity Supplier (“**RES**”) licenses allowing it to enter into contracts with contestable customers and expand its customer base.

In addition, SMGP has invested in distribution services through SMC Power Generation Corp. (“**SPGC**”), which acquired 35% equity stake in Olongapo Electric Distribution Company, Inc. (“**OEDC**”) in April 2013.

The following table sets forth selected data in respect of SMGP’s primary operating power generation assets and interests as of June 30, 2025:

	IPPA Plant	Greenfield Plants			JV Plant	IPP Plants	
	San Roque	Davao	Limay	Mariveles	Angat	Sual	Masinloc and Masinloc BESS
Company Name	SRHI	MPI	LPI	MPGC	AHC	SPI	MPCL
Operating Segment	Power Generation	Power Generation	Power Generation	Power Generation	Power Generation	Power Generation	Power Generation
Type	Hydro	Coal	Coal	Coal	Hydro	Coal	Coal and Battery
Commercial Operations Date	2003	2017 (150 MW); 2018 (150 MW)	2017 (300 MW); 2018 (150 MW); 2019 (150 MW)	2024 (450 MW); ⁽⁵⁾ 2025 (150 MW) ⁽⁶⁾	1967 (112 MW); 1968 (100 MW); 1978 (6 MW)	1999	1998 (660 MW); 2018 (additional 28 MW) ⁽⁷⁾ ; 2018 and 2023 (10 MWh); 2020 (335 MW) ⁽⁸⁾)
Year of Acquisition / IPPA Expiry / Asset Transfer Date⁽¹⁾	2010 IPPA Expiry: 2028	—	—	—	2014	2009 Asset Transfer Date: 2024	2018
Capacity (MW)	345	300	600	600	218	1,294	1,035.75 ⁽⁹⁾
Technology	Storage Hydropower	Circulating Fluidized Bed	Circulating Fluidized Bed	Circulating Fluidized Bed	Storage Hydropower	Pulverized Coal	Pulverized Coal ⁽¹⁰⁾ and BESS
Emission Levels⁽²⁾							
NOx(ppm)	—	65.9	47.4	65.7	—	161.6	165.7
SOx (ppm)	—	74.5	28.0	52.8	—	295.4	438.7
PM (mg/Nm³)	—	12.3	7.2	30.2	—	14.3	61.7
Operator⁽³⁾	SRPC	VPDSI	LPDSI	LPDSI	AHC	LPDSI	LPDSI
Offtakers⁽⁴⁾	Inter-company ⁽⁴⁾ Meralco, DU, WESM	DUs, ECs, RES, WESM, DCCs	Meralco, DUs, ECs, DCCs, CCs, Inter-company ⁽⁴⁾ , RES, WESM	Meralco, Inter-company ⁽⁴⁾ , WESM,	Inter-company ⁽⁴⁾ WESM	Meralco, RES, DUs, ECs, DCCs, WESM	Meralco, DUs, CCs, RES, Inter-company ⁽⁴⁾ , NGCP, WESM

Notes:

- (1) Under the IPPA Agreement of SRHI, SMGP has the right to acquire the San Roque Power Plant in May 2028. See “Business—IPPA Power Plant.” The Sual IPPA Agreement and the Sual ECA expired on October 25, 2024, after which ownership and operations of the Sual Power Plant was transferred by PSALM to SPI on the same date, pursuant to the Deed of Sale dated October 24, 2024, executed by the parties.
- (2) Emissions as of March 31, 2025. See “Business—Safety, Health and Environmental Regulation” for information on DENR emission standards. Emission levels for the Masinloc Power Plant exclude the Masinloc BESS.
- (3) VPDSI: VisMin Power Dynamics Services Inc. (formerly, Safetech Power Services Corp.); LPDSI: Luzon Power Dynamics Services Inc. (formerly, Mantech Power Dynamics Services Corp.).

- (4) *DUs: Distribution Utilities; ECs: Electric Cooperatives; CCs: Contestable Customers; DCCs: Directly Connected Customers; RES: Retail Electricity Supplier.*
- (4) *Within the SMGP group.*
- (5) *Mariveles Greenfield Power Plant Units 1, 2 and 3.*
- (6) *Mariveles Greenfield Power Plant Unit 4.*
- (7) *The retrofit of Masinloc Power Plant Unit 2 completed in 2018 and the retrofit of Masinloc Power Plant Unit 3 completed in 2023 resulted in an increase in capacities for each of the Units.*
- (8) *Masinloc Power Plant Unit 3.*
- (9) *Includes the capacity of Units 1, 2 and 3 of Masinloc Power Plant and Masinloc BESS.*
- (10) *Masinloc Power Plant Unit 3 utilizes supercritical boiler technology. Units 1 and 2 of the Masinloc Power Plant utilize pulverized technology.*

The table below shows the power sold by SMGP for the years ended December 31, 2022, 2023 and 2024 and the six (6) months ended June 30, 2024 and 2025:

	For the years ended December 31,		For the six months ended June 30,		
	2022	2023	2024	2024	2025
	GWh	GWh	GWh	GWh	GWh
Sales through bilateral offtake agreements	25,057	21,565	29,636	14,156	11,454
Sales through WESM	2,345	3,640	6,928	3,301	3,319

The table below shows the power purchased by SMGP from WESM for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025:

	For the years ended December 31,		For the six months ended June 30,		
	2022	2023	2024	2024	2025
	GWh	GWh	GWh	GWh	GWh
Purchased power from WESM	5,158	2,519	3,084	1,413	1,264

SMGP registered revenues of ₱221,389 million, ₱169,590 million, ₱205,091 million, respectively.

The table below sets forth the gross profit margin, EBITDA margin and net income before tax margin of SMGP for the periods indicated:

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(in millions, except percentages)				
	₱	₱	₱	₱	₱
Sales	221,389	169,590	205,091	98,944	80,147
Gross profit.....	23,018	38,599	50,407	26,476	26,104
Gross profit margin(1).....	10.4%	22.8%	24.6%	26.8%	32.6%
EBITDA(2)	42,316	43,769	55,533	30,147	34,410
EBITDA margin(3)	19.1%	25.8%	27.1%	30.5%	42.9%
Net income before tax.....	4,168	15,063	17,600	9,905	38,040
Net income before tax margin(4)	1.9%	8.9%	8.6%	10.0%	47.5%

Notes:

(1) *Calculated as gross profit divided by sales.*

- (2) *EBITDA is calculated as (a) net income (excluding items between any or all of SMGP and its subsidiaries) plus (b) income tax expense (benefit), finance cost (less interest income) and depreciation less (c) foreign exchange gain (loss), in each case, excluding amounts attributable to ring-fenced subsidiaries.*
- (3) *Calculated as EBITDA divided by sales.*
- (4) *Calculated as net income before income tax divided by sales.*

Expansion Projects

Power Plant Portfolio

Masinloc Power Plant Units 4 and 5 (700 MW by 2026)

SMGP, through MPCL, intends to further expand the Masinloc Power Plant by constructing additional units utilizing supercritical pulverized coal technology (Units 4 and 5) with a planned gross installed capacity of 350 MW each (with a Pmin of 2 x 87.5 MW) and a net load of 630 MW. SMGP has signed the engineering, procurement and construction (“EPC”) contracts for the construction of Masinloc Power Plant Units 4 and 5, which are targeted for completion in 2026. As of the second quarter of 2025, overall project completion of Unit 4 and Unit 5 are 89% and 77%, respectively, with equity-backed capital expenditures of ₱48.0 billion.

Solar Power Project Portfolio

In line with its decision to significantly reduce its carbon footprint and transition to cleaner sources of energy, SMGP, through its wholly-owned subsidiary, SMC Global Light and Power Corp. (“**SGLPC**”), is developing a portfolio of solar power projects together with potential partners. The first phase of the solar power projects has an aggregate initial capacity of approximately 1,300 MWp across various sites in Luzon including in the provinces of Bataan, Bulacan and Isabela, with target completion by 2028. The second phase of the planned solar projects is expected to have an aggregate initial capacity of approximately 1,100 MWp, with target completion by 2039 across the provinces of Quezon, Bohol and various locations in Mindanao, including Davao.

The proposed solar projects will be situated in areas with moderate to high photovoltaic potential using N-type solar panels to be supplied by reputable regional solar panel and inverter suppliers. In February 2022, SGLPC entered into a Solar Energy Operating Contract (130.005 MWdc) with the DOE for a 153.5 MW solar project to be located in Barangay Lucanin, Mariveles, Province of Bataan (“**Bataan Solar Project**”) and thereafter, obtained a Certificate of Registration from the DOE as a renewable energy (“**RE**”) developer for the Bataan Solar Project. The lease agreement for the site of the Bataan Solar Project will be located has been executed and to date, the Bataan Solar Project already secured its system impact studies and facilities studies approval from the NGCP. The DOE also issued a certificate considering the Bataan Solar Project as an Energy Project of National Significance on June 10, 2025.

SMGP and its subsidiaries continues to participate in the Government-mandated competitive selection processes (“**CSP**”) for power supply agreements (“**PSAs**”) with distribution utilities (“**DUs**”), and negotiate for retail supply contracts (“**RSCs**”) with contestable customers for these expansion plans.

On June 28, 2024, SGLPC signed an investment and shareholders agreement with Citicore Renewable Energy Corporation for the Bataan Solar Project, which is expected to be completed in 2026. The solar power plant shall be located in a property with an area of approximately 158 hectares owned by an affiliate of SMGP. Upon commencement of operations, all capacity to be generated by this solar power plant shall be supplied to SMGP or any of its affiliates under long-term energy supply contracts.

In line with SMGP’s commitment to the diversification of its power generation portfolio through the development of solar power projects, SMGP intends to handle pre-development activities and land acquisition and will lease the sites to third-party owner of plants. SMGP entities may also be the offtakers for a minimum fixed period of 20 years.

BESS Portfolio

SMGP, through its subsidiaries SMGP BESS Power Inc. (“**SMGP BESS**”), MPCL and SMGP Kabankalan, is completing the expansion of its ~1,000 MWh portfolio of BESS projects. Of these ~1,000 MWh BESS projects, 500 MWh across 17 sites attained commercial operations as of June 2025, including the 30 MWh Kabankalan (Phase 1 and 2) and 20 MWh Masinloc (Phase 2). Three BESS facilities with a combined capacity of 110 MWh located in the provinces of Tarlac, Leyte

and Misamis Oriental commenced commercial operations in March 2024 while BESS facilities with a total capacity of 70 MWh across three sites and another 110 MWh across three sites are expected to be completed in 2025 and 2026, respectively. SMGP BESS has also entered into EPC contracts with ATE Energy and targets to complete the 320 MWh BESS project in Mariveles in 2026. As of May 2025, overall project completion for Unit 1 and Unit 2 of the Mariveles BESS are 27% and 40%, respectively.

Hydro Project Portfolio

On June 9, 2025, the DOE issued a Notice of Award to the potential winning bidders for the third auction round of the Green Energy Auction Program (“**GEA-3**”) conducted on February 11, 2025. The GEA-3 Notice of Award included the following as among the winning bidders: (i) SRHI for an aggregate offered capacity 1,850 MW pump storage hydropower across three facilities to be completed between 2031 and 2035, and (ii) Pan Pacific Renewable Power Phils. Corp. (“**Pan Pacific**”) for an aggregate offered capacity of 2,300 MW pump storage hydropower and impounding hydropower across three facilities to be completed between 2028 and 2032. On June 19, 2025 and June 20, 2025, Pan Pacific and SRHI, respectively, accepted their respective awards as winning bidders.

SMGP acquired a 40% equity interest in FPSP Holdings Corp. in December 2024 (“**FPSP Holdings**”). FPSP Holdings is a holding company that owns Pan Pacific, a company incorporated in the Philippines and primarily engaged in exploration, development and generation of energy, such as but not limited to geothermal sources of heat and power, hydro-electric power resources, wind and solar energy, as well as the development, acquisition and generation of conventional sources of energy.

Strengths and Strategies

Strengths

Industry leader with a strong growth platform

San Miguel Global Power Holdings Corporation (“**SMGP**” or “**San Miguel Global Power**”, formerly SMC Global Power Holdings Corp.), together with its affiliates, subsidiaries, associates and joint ventures, is one of the largest power companies in the Philippines, controlling 6,080 MW of combined capacity as of December 31, 2024. SMGP controls the capacities of among the largest baseload plants in the Philippines, including the Sual Power Plant (one of the largest coal-fired power plants in the Philippines in terms of installed capacity). SMGP wholly owns SPI, LPI, MPGC, MPI and MPCL, the owners of the Sual Power Plant, Limay Greenfield Power Plant, Mariveles Greenfield Power Plant, Davao Greenfield Power Plant, Masinloc Power Plant and Masinloc BESS, respectively. Moreover, SMGP owns a 60% stake in AHC, the owner and operator of the 218 MW AHP and a 33% interest in SPPC, the owner and operator of the Ilijan Power Plant (the largest natural gas power plant in the Philippines in terms of installed capacity) and 33% interest in EERI, which operates the BCC Power Plant. In addition, SMGP’s subsidiary, SRHI, is the IPPA for the San Roque Power Plant with a contracted capacity attributable to SMGP of 345 MW.

Based on the total installed generating capacities reported in the ERC Resolution on Grid Market Share Limitation and corresponding press release dated March 17, 2025 issued by the ERC (using January to December 2024 operations data for generation facilities), SMC’s market share was approximately 22% of the National grid, 28% of the Luzon grid, 5% of the Visayas grid and 9% of the Mindanao grid.¹⁰ Market share is computed by dividing the relevant installed generating capacity for the period by the total installed generating capacity of Luzon grid, Visayas grid, Mindanao grid or National grid (19,419,592 kW, 3,383,868 kW, 4,292,586 kW and 27,096,046 kW, respectively based on data provided under the ERC Resolution on Grid Market Share Limitation).

To capitalize on changes in the Philippine regulatory structure, SMGP, through certain subsidiaries, holds RES licenses from the ERC, allowing the entry into offtake agreements with contestable customers.

SMGP is expected to expand its market leadership with its ongoing and future expansion that is anchored on cost competitive baseload plants and renewable energy projects. In addition, SMGP is actively pursuing battery energy storage technology investments and initiatives in the Philippines that will help regulate the transmission grid over the Philippine archipelago, which is inherently prone to voltage and frequency instability.

¹⁰ The ERC press release dated March 17, 2025 setting out the market share of the five largest players in the generation sector noted that certain industry developments, including change in ownership of some large generation facilities, have not been reflected yet. Accordingly, market share is subject to adjustment, including the change in ownership of the Ilijan Power Plant. In addition to the installed generation capacity attributable to SMGP, the ERC press release includes 183 MW attributable to Petron Corporation, an affiliate of SMGP through SMC.

Well-positioned to capture future demand growth

Demand for electricity in the Philippines is expected to continue to grow. According to the Philippine Energy Plan 2023-2050 published by the DOE, to meet the projected electricity demand including reserve requirements by 2050, the power system capacity addition that the Philippines will need is 122,708 MW under the reference scenario and an additional 129,681 MW under the clean energy scenario with the expected entry of more renewable energy power projects, which is broken down as follows: 2,305 MW for coal, 21,881 MW for natural gas, 20 MW for oil-based and 98,503 MW for renewable technology under the reference scenario and 2,305 MW for coal, 15,989 MW for natural gas, 20 MW for oil-based and 106,569 MW for renewable technology, and 4,800 MW for nuclear and other technologies under the clean energy scenario. Moreover, based on SMGP's estimates, despite the continuing build-up of installed capacity, net reliable capacity remains insufficient to meet peak demand. This considers the entry of variable capacities, composed primarily of intermittent renewable energies such as solar and wind, as well as the introduction of flexible technologies, such as BESS, which compensate for the intermittency of the variable capacities.

Given the gap between projected electricity demand and committed power projects, SMGP expects that there will be a power supply shortage in the medium term until new capacity is built to meet the growing consumption.

SMGP believes it is well-positioned to take advantage of opportunities from continued growth in the Philippine electricity market, as well as from the expected power supply shortage. According to the DOE, as of April 2025, around 4,763 MW of dependable coal capacities are between 11 and 30 years old, while 420 MW are 36 years and older. As such, these coal generation capacities may be more prone to unscheduled shutdowns. To meet this need, SMGP has a defined roadmap to increase capacity by developing greenfield power plants and pursuing opportunities to invest in renewable energy projects, particularly in hydroelectric power and solar power projects and complementary technologies such as BESS.

In addition to completing the 600 MW Mariveles Greenfield Power Plant, SMGP's expansion projects include the construction and installation of the ~1,000 MWh BESS facilities with leading global battery EPC contractors, of which 500 MWh have attained commercial operations as of June 2025. SMGP plans to expand its power portfolio through further expansion of the Masinloc Power Plant (Units 4 and 5) by 700 MW. SMGP also intends to construct and develop together with potential partners a portfolio of solar power projects to significantly reduce its carbon footprint. The first phase of the solar power projects has an aggregate initial capacity of approximately 1,300 MWp across various sites in Luzon including in the provinces of Bataan, Bulacan and Isabela, with target completion by 2028. The second phase of the planned solar projects is expected to have an aggregate initial capacity of approximately 1,100 MWp, with target completion by 2039 across the provinces of Quezon, Bohol and various locations in Mindanao, including Davao.

SMGP believes that the increase in demand for electricity will also lead to growth in the ancillary reserve requirements of the country, which is expected to create significant opportunities for BESS projects. SMGP believes that it is well-positioned to capture growth in the reserve market through the expertise it has gained from operating the Masinloc BESS, the first of its kind in the Philippines. The Masinloc BESS provides more efficient ancillary services compared to other technologies, particularly for frequency regulating reserves, because of its instantaneous response time and ability to charge and discharge power. SMGP utilizes advanced lithium-ion battery technologies, such as nickel-cobalt-manganese (NCM) based lithium-ion batteries which generally have longer useful lives (estimated at 8,200 cycles), high voltage capabilities, large storage capacity and improved roundtrip efficiencies.

Finally, as a leading power company in the Philippines with a large customer base, SMGP believes that it is in a strong position to leverage its relationships with its existing customers to service their expected increase in electricity demand.

Stable and predictable cash flows

SMGP, through its subsidiaries, sells power through offtake agreements directly to customers, including Meralco and other distribution utilities, electric cooperatives and industrial customers, or through the WESM. Revenue from bilateral contracts with offtakers contributed 90%, 86%, 82%, 81% and 78% of total revenue for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. For the six months ended June 30, 2025, approximately 31% and 47% of SMGP's consolidated sales volumes were to (i) Meralco and (ii) other distribution utilities, electric cooperatives, directly connected customers, contestable customers, and ancillary services, respectively. Based on the publicly available disclosures of Meralco, the largest distribution utility in the Philippines, SMGP is one of Meralco's largest power suppliers as of June 30, 2025, supplying approximately 6,057 GWh or 32% of Meralco's power purchases. In addition, and based on data obtained from the ERC, SMGP believes that it is one of the

major players in the RES markets where it operates, as of March 2025.

In a CSP conducted by Meralco on January 5, 2024 and January 23, 2024, EERI, MPGC and SPPC emerged as the lowest bidders to supply 2,700 MW out of the 3,000 MW power requirement of Meralco with 1,200 MW, 300 MW and 1,200 MW in offered capacity, respectively. The contracts are for a term of 15 years and have a full fuel pass-through scheme. To date, all PSAs have already commenced supply.

In the CSP conducted by Meralco on February 27, 2024, LPI emerged as the winning bidder for the latter's 400 MW power requirement. The contract commenced in August 2024 and ended in February 25, 2025 and had a full fuel pass-through scheme.

In another CSP conducted by Meralco for renewable energy contract capacity on July 17, 2024, SRHI emerged as the winning bidder for a 340 MW power supply contract for a period of 10 years to commence in 2025 or upon the issuance of the ERC approval of the PSA, whichever comes later. On August 21, 2024, SRHI entered into a PSA with Meralco for this capacity.

In the most recent CSP conducted by Meralco on August 28, 2024, MPCL emerged among the lowest bidders and is set to supply 500 MW out of the 600 MW power requirement of Meralco. On September 2, 2024, a PSA was entered into by MPCL and Meralco with a term of 15 years to commence in 2025 and has a full fuel pass-through scheme.

Meralco is expected to continue to bid out additional greenfield requirements in the next few years. SMGP believes this is an opportunity for SMGP to contract its ongoing and planned expansion projects with Meralco and plans to participate in the future bidding of the greenfield requirements.

These offtake agreements provide SMGP, through its subsidiaries, with stable and predictable cash flow by enabling it to manage both market and price risks. Despite the general volatility in market prices for electric power due to supply and demand imbalances, SMGP has been able to manage such risks through the contracted sale prices with offtakers, which also provide a long-term stable source of demand. The majority of the tariffs under these agreements take into account adjustments for fuel, foreign exchange, and inflation, thereby allowing SMGP to pass through these costs to its offtakers. In addition, SMGP's diversified portfolio of baseload and peaking power plants helps mitigate market risks through long-term, intercompany, replacement power contracts.

Control over baseload and versatile capacities

SMGP has a portfolio that includes some of the newest and largest power plants in the Philippines. The baseload and peaking plants with diversified fuel sources of SMGP allow it to manage costs and offer more competitive baseload power rates. In addition, SMGP also has capacity from its BESS facilities, which can provide more efficient ancillary services, and has synergistic effects with renewable technologies, among other applications. In particular, BESS technologies can strengthen the stability of a grid, while improving power quality.

As of December 31, 2024, the major power assets of SMGP consisted of (i) the power plants owned by SMGP through its subsidiaries as follows: the Sual Power Plant, the Masinloc Power Plant (with the Masinloc BESS), the Limay Greenfield Power Plant, the Mariveles Greenfield Power Plant, the Davao Greenfield Power Plant and representing of approximately 21%, 17%, 10%, 10% and 5% of SMGP's capacity, respectively; (ii) the San Roque Power Plant with SRHI as IPPA representing 6% of SMGP's capacity, (iii) the AHP, through AHC, representing 4% of SMGP's capacity, (iv) the Ilijan Power Plant representing 20% of SMGP's capacity and (v) the operating BESS facilities located across the Philippines, representing 7% of SMGP's capacity.

Power generated by the Sual Power Plant, Masinloc Power Plant, Limay Greenfield Power Plant, Mariveles Greenfield Power Plant and Davao Greenfield Power Plant, is primarily used as baseload supply and sold to customers pursuant to bilateral offtake agreements. Power generated by the San Roque Power Plant and the AHP is used as peaking supply, and mostly sold through the WESM or as replacement power to affiliates. The BESS facilities provide regulating and contingency reserve to the NGCP — the 10 MWh Masinloc BESS of MPCL and several BESS sites of SMGP BESS in Luzon, Visayas and Mindanao with a total capacity of 330 MWh were contracted by NGCP after MPCL and SMGP BESS were declared as winning bidders in the CSPs conducted by NGCP in 2023 and 2024 for its ancillary services requirement. Out of the 330 MWh, 220 MWh commenced operations in 2023 and 110 MWh commenced commercial operations in March 2024, following the provisional authority granted by the ERC on the relevant Ancillary Services Procurement Agreement ("ASPA"). The 20 MWh (Phase 1) of Kabankalan BESS in Negros Occidental also has an existing ASPA with NGCP. As of June 30, 2025, SMGP had a total of 500 MWh BESS capacities in commercial operations, which includes 30 MWh of

existing BESS capacities.

As of June 30, 2025, SMGP's coal-fired plants accounted for approximately 63% of its capacity. In addition to the baseload coal-fired plants, SMGP increased its LNG capacities and continues to ramp up its BESS capacities, which together contribute to increasing the diversity of its generation portfolio. This is guided by the existing energy policy of the Government to provide relatively inexpensive and reliable power to residential and commercial customers without the need for subsidies or escalating tariffs. Feed-in-tariffs for renewable energy projects have been phased out by the Government, which makes it more challenging to embark on large-scale renewable energy projects. SMGP continues to closely monitor all relevant fuel options, including renewables. The planned expansion of its BESS portfolio, development of its solar power and hydro power project portfolios and decision not to pursue the previously planned coal-fired power plant to be located in Pagbilao, Quezon, with planned installed capacity of 600 MW, reflect SMGP's objective to reduce its overall carbon emissions and support the Government's climate policies and objectives, including the Philippines' commitments under the Paris Agreement.

SMGP believes that the size and diversity of the fuel supply of its power portfolio reduces the exposure of SMGP and its customers to fuel-type specific risks such as variations in fuel costs, and regulatory concerns that are linked to any one type of power plant or commodity price. SMGP believes that its management of the capacity of this diverse portfolio of power plants allows it to respond efficiently to market requirements at each point of the electricity demand cycle. This diversity helps it to improve the profitability of its portfolio by flexibly dispatching electricity in response to market demand and fuel cost competitiveness. SMGP and its subsidiaries can enter into bilateral contracts and trade in the WESM for the balance of its contracted capacities and energy.

Established relationships with world class partners and major participants in the Philippine power industry

Since entering the power business, SMGP has established relationships with internationally recognized participants in the power industry, including fuel suppliers in Indonesia and Australia, customers such as Meralco (its largest customer) and partners such as Marubeni Corporation, which owns, operates and maintains the San Roque Power Plant, an IPPA Power Plant. SMGP also has strong working relationships with world-class EPC providers, such as Formosa Heavy Industries for its greenfield power plants, and battery EPC providers such as Fluence Energy, Inc. ("**Fluence**," a joint venture between Siemens and AES) for the Masinloc BESS and Kabankalan BESS, and ABB, Inc. ("**ABB**"), Wartsila Finland Oy ("**Wartsila**") and ATE Energy International Co. Ltd. ("**ATE Energy**") for BESS projects in the pipeline. SMGP has also entered into and is forging new and strategic relationships with MGEN and Aboitiz Power for the Ilijan Power Plant and the BCC Power Plant, Linseed Field Corporation, for the Batangas LNG Terminal through the terminal user agreements, and other LNG players, particularly for LNG supply and for EPC of the BCC Power Plant.

SMGP believes that these well-established relationships provide a strong foundation for its existing business and a platform of potential partners for future expansion.

A member of the San Miguel Corporation group of companies

The principal shareholder of SMGP, San Miguel Corporation, together with its subsidiaries, is one of the largest and most diversified conglomerates in the Philippines. In addition to its power business, San Miguel Corporation has market-leading businesses in vital industries that support the economic development of the country, including food and beverages, packaging, fuel and oil, infrastructure, property development and leasing, cement, car distributorship and banking.

Under the stewardship of San Miguel Corporation, SMGP has become one of the market leaders in the Philippine power industry in a relatively short period of time. San Miguel Corporation provides SMGP with key ancillary and support services in areas that promote operational efficiency, such as human resources, corporate affairs, legal, finance and treasury functions. SMGP believes it will continue to benefit from the extensive business networks of San Miguel Corporation, its in-depth understanding of the Philippine economy and expertise of its senior management to identify and capitalize on growth opportunities. Given the substantial electricity requirements of the other businesses of San Miguel Corporation, SMGP believes that it can benefit from potential revenue and operational synergies and potentially provide a large captive energy demand base for SMGP.

Experienced and highly competent management team

The senior management of SMGP has extensive experience in the Philippine power industry and has a deep understanding of the Philippine electricity markets with respect to the operational, financial, regulatory, and business

development aspects of the operation and management of power plants. The senior management team of SMGP has strong professional relationships with key industry participants, such as the DOE, PSALM, NPC, TransCo, NGCP, PEMC and ERC, as well as other government offices and agencies. The employees of SMGP include experienced energy traders who pioneered WESM trading and marketing executives who have established strong relationships with the extensive customer base of NPC. The members of the Executive Committee of SMGP have an average of more than 25 years of experience in executive management and related government experience in the power industry, including strengths in key areas of engineering and finance. The executive and senior management have displayed a strong track record of growth and delivery since SMGP commenced operations in November 2009.

Strong commitment to stringent environmental policies and pollution controls

SMGP closely supervises, controls and processes improvements in the power plants it owns and operates to ensure that regulated emissions are within and below applicable environmental compliance standards. For example, SMGP uses CFB technology in its Mariveles Greenfield Power Plant, Limay Greenfield Power Plant and Davao Greenfield Power Plant. CFB technology is a technology employed to transform coal into a fuel source that is relatively low in pollutant emissions. These low emissions are made possible by processes that are not used in non-CFB coal-fired power plants, such as burning coal at low temperature and pressure, chemically washing minerals and impurities from the coal, gasification, treating the flue gases with steam to remove sulfur dioxide, carbon capture and storage technologies to capture the carbon dioxide from the flue gas and dewatering lower rank coals (brown coals) to improve the calorific value, thereby improving the efficiency of the conversion into electricity. In addition, CFB plants have other elements that reduce emissions, such as fine coal grinders, limestone injections, and electrostatic precipitators to capture dust particles that escape the boiler. See “—Safety, Health and Environmental Regulation.”

SMGP is committed to further reduce its emissions. Masinloc Power Plant Unit 3 uses supercritical boiler technology which, relative to an ordinary PC boiler (subcritical), has a significantly better combustion process resulting to improved heat rate of coal, which means less coal is required to produce a megawatt of electricity. The technology also allows the use of lower calorific value (“CV”) and lower sulfur coal, which is a key factor to lower SOx emissions.

In 2023, the Limay Greenfield Power Plant won the Water Conservation Initiative of the Year for the Philippines during the Asian Water Awards. The Limay Greenfield Power Plant was recognized for its program that started in 2018 and has since allowed it to save 3.7 million cubic meters of water, translating to an accumulated savings of ₱122 million.

Moreover, SMGP has dedicated teams who monitor environmental compliance with international standards. See “—Safety, Health and Environmental Regulation” for further details and a list of SMGP’s active ISO certifications as of March 2025.

San Miguel Global Power Portfolio

GREENFIELD, IPP AND JOINT VENTURE PROJECTS

Sual Power Plant

The Sual Power Plant is a 2 x 647 MW coal-fired thermal power plant located in Sual, Pangasinan on the Lingayen Gulf that commenced commercial operations in October 1999. It is the largest coal-fired thermal power plant in the Philippines in terms of installed capacity. The Sual Power Plant was built by CEPA Pangasinan Electric Limited pursuant to an ECA with NPC under a 25-year Build-Operate-Transfer (“BOT”) scheme that expired on October 25, 2024.

On September 1, 2009, SPI, was declared the winning bidder and received the notice of award for the IPPA for the Sual Power Plant. On November 6, 2009, SPI assumed the administration of the capacity of the Sual Power Plant in accordance with the provisions of the Sual IPPA Agreement with PSALM.

Turnover to SMGP

The Sual IPPA Agreement and the Sual ECA expired on October 25, 2024, after which ownership and operations of the Sual Power Plant was transferred by PSALM to SPI on the same date, pursuant to the Deed of Sale dated October 24, 2024, executed by the parties.

Power Offtakers

The capacity of the Sual Power Plant was contracted to (i) Meralco (DU) under a 10-year 330 MW offtake agreement (“**330 MW Meralco PSC**”) expiring in December 2029 as a result of the CSP conducted by Meralco in 2019, (ii) Meralco (RES) covering 60 MW and 170 MW, or a total of 230 MW, (iii) various distribution utilities, electric cooperatives covering 376 MW, and (iv) directly connected customers and third-party RES under existing PSCs covering 125 MW. The 330 MW Meralco PSC ceased effective July 24, 2023. Effective January 19, 2024, SPPC’s PSA with Meralco for the supply of 290 MW was assigned by SPPC to SPI, which later expired on December 25, 2024. On January 27, 2025, SPI executed a PSA with Meralco for the supply of 200 MW capacity for 1 year, and for which supply has commenced, pending ERC approval.

For energy-based contracts entered into by SPI directly with offtakers on a bilateral basis, pricing is based on a reasonable return over the cost structure of SPI.

For capacity-based contracts, pricing is based on a fixed and variable payment. The fixed payment represents fixed operating and maintenance expenses while the variable payment represents the energy fee, fuel and variable operating and maintenance expense.

Fuel Supply

SPI has existing coal supply agreements with Aegis, Energy Trading, ATC and PT Multi Sarana Avindo until December 31, 2025, to ensure a steady supply of coal for SPI. Further, negotiations with the existing suppliers are regularly done for additional volume to cover balance-year quantities and contract base volume for forward years and SPI continues to accredit coal supply acceptable for plant operations for more optionality and supply security. Pricing under the coal supply agreements is linked to regional coal indices, subject to adjustment based on agreed standards applicable to the quality of the coal delivered.

Operations and Maintenance

Upon turnover, LPDSI, a wholly-owned subsidiary of SMGP, became responsible for the operation and maintenance of the Sual Power Plant.

Each of the generating units of the Sual Power Plant historically has been, and is expected to continue to be, shut down for routine preventive maintenance for approximately 30 days per calendar year. SPI also expects to shut down these units for more significant preventive maintenance and repair work for a total of approximately 60 days in every fifth calendar year.

Power Transmission

Power from the Sual Power Plant is transmitted through a 25 km 230-kV transmission line from the Sual Power Plant switchyard to the Kadampat Substation located at Labrador, Pangasinan. The transmission line is owned by TransCo and operated and maintained by its concessionaire, NGCP.

Limay Greenfield Power Plant

The Limay Greenfield Power Plant, owned by SMGP through its subsidiary, LPI, is a 4 x 150 MW CFB coal-fired power plant, using HELE technologies, located in Limay, Bataan, which commenced construction in October 2013. Units 1, 2, 3 and 4 of the Limay Greenfield Power Plant achieved commercial operations in May 2017, September 2017, March 2018 and July 2019, respectively. The EPC contractors of the Limay Greenfield Power Plant are Formosa Heavy Industries Corporation and True North Manufacturing Services Corporation. In June 2017, LPI acquired all of the rights and obligations on the completion of Units 3 and 4 of the Limay Greenfield Power Plant from another wholly-owned subsidiary, Lumiere Energy Technologies Inc. LPDSI is responsible for the operation and maintenance of the Limay Greenfield Power Plant.

Power Offtakers

The Limay Greenfield Power Plant is substantially contracted to various distribution utilities, electric cooperatives, directly connected customers and contestable customers, including facilities of SMC subsidiaries, under long-term fuel pass-through offtake agreements mostly expiring in 10 years from its effective date. In a CSP conducted by Meralco on February 26, 2024, LPI emerged as the winning bidder for the latter’s 400 MW power requirement for which supply commenced in August 2024 and ended in February 2025. For the six months ended June 30, 2025, 92% of revenues were from bilateral contracts while the remaining 8% was attributable to revenues from WESM. LPI was granted a RES

license which is valid until September 29, 2028. The RES license gave LPI the ability to directly contract with contestable customers.

Fuel Supply

LPI has executed long-term coal supply agreements with Bayan with terms expiring on January 31, 2029 and January 31, 2032. Pricing under the coal supply agreements is subject to adjustment based on certain standards applicable to the quality or grade of the coal delivered by the supplier. LPI also executed spot coal supply contracts with local and Indonesian suppliers.

Power Transmission

Power from the Limay Greenfield Power Plant is transmitted through a 230-kV transmission line that connects to the Luzon grid through the Lamao, Limay Bataan Substation. The transmission line is owned by TransCo and operated and maintained by NGCP.

Davao Greenfield Power Plant

The Davao Greenfield Power Plant owned by SMGP through its subsidiary, MPI, is a 2 x 150 MW CFB coal-fired power plant, using HELE technologies, located in Malita, Davao Occidental, which commenced construction in September 2013. Units 1 and 2 of the Davao Greenfield Power Plant achieved commercial operations in July 2017 and February 2018, respectively.

The EPC contractors of the Davao Greenfield Power Plant are Formosa Heavy Industries Corporation and True North Manufacturing Services Corporation. VPDSI, another wholly-owned subsidiary of SMGP, is responsible for the operation and maintenance of the Davao Greenfield Power Plant.

Power Offtakers

The Davao Greenfield Power Plant is substantially contracted to various distribution utilities, electric cooperatives, directly connected customers and RES under short to long-term offtake agreements.

Fuel Supply

MPI has existing long-term coal supply agreements with Bayan, effective until January 31, 2029 and January 31, 2032. Pricing under the coal supply agreements is subject to adjustment based on certain standards applicable to the quality or grade of the coal delivered by the supplier. MPI also executed spot coal supply contracts with local supplier.

Power Transmission

Power from the Davao Greenfield Power Plant is transmitted through a 230-kV transmission line that connects to the Mindanao grid through the Culaman, Malita Substation. The transmission line is owned by TransCo and operated and maintained by NGCP.

Mariveles Greenfield Power Plant

The Mariveles Greenfield Power Plant owned by SMGP through its subsidiary, MPGC, is a 4 x 150 MW CFB coal-fired power plant located in Mariveles, Bataan, using HELE technologies which commenced construction in 2019. Unit 1, Unit 2 and Unit 3 commenced commercial operations on March 28, 2024, September 26, 2024 and October 26, 2024, respectively, while Unit 4 achieved commercial operations on January 9, 2025.

The EPC contractors of the Mariveles Greenfield Power Plant is Formosa Heavy Industries Corporation and True North Manufacturing Services Corporation. LPDSI is responsible for the operation and maintenance of the Mariveles Greenfield Power Plant.

Power Offtakers

The capacity of the Mariveles Greenfield Power Plant is contracted to Meralco for 300 MW for a period of 15 years and MPGC intends to participate in future CSPs of Meralco and other DUs and ECs for the remaining uncontracted capacity.

Fuel Supply

MPGC executed a long-term coal supply agreement with Bayan, effective until December 31, 2027. Pricing under the coal supply agreement is subject to adjustment based on certain standards applicable to the quality or grade of the coal delivered by the supplier. MPGC also executed spot coal supply contracts with local supplier.

Power Transmission

Power from the Mariveles Greenfield Power Plant is transmitted through a 500-kV transmission line that connects to Mariveles Substation. The transmission line is owned by TransCo and operated and maintained by NGCP.

Masinloc Power Plant and Masinloc BESS

Background

The Masinloc Power Plant, using HELE technologies, comprises 1 x 344 MW (Unit 1), 1 x 344 MW (Unit 2) and 1 x 335 MW (Unit 3) coal-fired power plant located in Masinloc, Zambales, and is owned and operated by MPCL. Units 1 and 2 of the Masinloc Power Plant commenced commercial operations in June 1998 and December 1998, respectively, and were originally developed and owned by NPC. Unit 3, which is a brownfield/expansion project within the Masinloc Power Plant, commenced commercial operations on September 26, 2020. MPCL also owns the Masinloc BESS.

The Masinloc BESS (Phase 1 for 10 MWh) is a pioneer grid-scale BESS in the Philippines and Southeast Asia which, SMGP believes, is the first of its kind in the region. The EPC Contractor for the Masinloc BESS is Fluence, which has installed 1,125 MW in BESS capacity in 95 projects across 20 countries and is a leading vendor for utility-scale energy storage systems, according to Navigant Research.

The Masinloc Power Plant and Masinloc BESS (Phase 1) were acquired by SMGP on March 20, 2018, pursuant to its acquisition of 51% and 49% equity interests in SMCGP Masin from AES Phil and Gen Plus B.V., respectively.

LPDSI is responsible for the operation and maintenance of the Masinloc Power Plant.

Power Offtakers

Units 1, 2 and 3 of the Masinloc Power Plant are substantially contracted through medium to long-term bilateral contracts with Meralco and other distribution utilities, contestable customers, third-party RES, and affiliates. The RES license of MPCL was renewed and is valid until September 29, 2028. The Masinloc BESS provides regulating reserve ancillary services to the Luzon Grid under an ASPA with NGCP, under a take-or-pay scheme for capacity payments for both charging and discharging capacity, subject to dispatch protocols and guidelines. In the CSP conducted by Meralco on August 28, 2024, MPCL emerged among the lowest bidders and is therefore set to supply 500 MW out of the 600 MW power requirement of Meralco. The contract is for a term of 15 years to commence in August 2025 or upon issuance of ERC approval of the PSA, whichever comes later and has a full fuel pass-through scheme.

Fuel Supply

MPCL continues to maintain multiple supply agreements, from short- to long-term, and with various reputable mining companies and traders that can deliver the different qualities required by the Masinloc Power Plant with different boiler designs and required coal specifications. MPCL has two units of sub-critical boiler technology and one unit of supercritical boiler technology that require different qualities of coal for optimal operations. MPCL has contracts with Bayan, Vitol, RWOOD, ATC and a local supplier covering majority of the coal requirements of the Masinloc Power Plant. All contracts have standard adjustments based on a certain formula applicable to the quality or grade of the coal delivered.

Power Transmission

Power from the Masinloc Power Plant is transmitted through a 230-kV transmission line that connects to the Luzon grid through the Bolo Substation. The transmission line is owned by TransCo and operated and maintained by NGCP.

Angat Hydroelectric Power Plant

The AHP is an operating hydroelectric power plant located at the Angat reservoir in San Lorenzo, Norzagaray, Bulacan, approximately 58 km northeast of Metro Manila. The AHP was privatized through an asset purchase agreement between PSALM and Korea Water Resource Corporation (“K-water”). K-water assigned its rights in favor of AHC, a joint venture between K-water and PVEI.

The project has a total electricity generating capacity of 218 MW, comprised of four main units of 50 MW capacity each and three auxiliary units of 6 MW capacity each. The Main Units 1 and 2, together with the Auxiliary Units 1 and 2 were commissioned in 1967. The Main Units 3 and 4 were commissioned in 1968. The Auxiliary Unit 3 was commissioned in 1978. The Auxiliary Unit 3 was manufactured by Allis-Chalmers and Ebara and all the other units were manufactured by Toshiba Corporation of Japan. All units are run by the Francis-type turbines, which are the most commonly used model in hydroelectric power generation. In August 2018, AHC completed the rehabilitation and turnover of the Angat Dam and Dykes in accordance with the Operations and Maintenance Agreement with PSALM and NPC.

In September 2021, AHC entered into a Rehabilitate-Operate-Maintain Agreement for Auxiliary Units 4 and 5 with combined capacity of 28 MW, owned by the MWSS and located at the AHP. Under the agreement, AHC will rehabilitate Auxiliary Units 4 and 5 and thereafter operate and maintain the same for 23 years under a profit-sharing arrangement with MWSS. The rehabilitation of the units is currently ongoing and is targeted to be fully completed by the third quarter of 2026 after which the operation period will commence.

Fuel Supply and Water Rights

The AHP utilizes water resources of the Angat reservoir. The Angat reservoir is 35 km long and 3 km wide at its widest points, and has surface of 2,300 hectares and viable storage volume of 850 million cubic meters. The water discharged by the project is used for the following two purposes: (i) water discharged through Auxiliary Units and through the spillway that flows to the Ipo reservoir is used to supply 97% of the residential drinking water of Metro Manila; and (ii) water discharged through Main Units that flows downstream to the Bustos reservoir is utilized for irrigation purposes.

Water rights surrounding the AHP are co-owned and governed by the following entities, with its respective purposes, pursuant to the Water Code of the Philippines, Angat Reservoir Operation Rules issued and regulated by NWRB as implemented by a Memorandum of Agreement on the Angat Water Protocol between MWSS, NIA, AHC, PSALM, NPC and NWRB: (i) MWSS, for domestic water supply to Metro Manila; (ii) provincial government of Bulacan, for water supply in the Bulacan Province; (iii) NIA, for irrigation diversion requirements; and (iv) AHC (through a lease contract with KWPP), for power generation.

Power Offtakers

AHC sells the majority of its generated capacity to the WESM at the prevalent spot price. The Main Units are operated as peaking units. The strategy for the Main Units is to allocate daily water release during peak hours. Auxiliary Units are operated as baseload units, as the water requirement from MWSS is continuous throughout the day, thus eliminating any discrete optionality to choose the hour of allocation. AHC periodically enters into short-term power supply contracts for the capacity of its auxiliary units, including replacement contracts with the subsidiaries of SMGP, and continues to explore options to contract this capacity.

Operations and Maintenance

AHC undertakes the operation and maintenance of AHP. The operations and maintenance team consists of a local technical team who have been operating the AHP supported by technical experts seconded from K-water.

AHC has entered into technical services agreements with each of K-water and PVEI to ensure that the appropriate level of technical and management support will be provided for the operation and maintenance requirements of AHC.

Retail Services

SMGP is pursuing downstream vertical integration by capitalizing on changes in the Philippine regulatory structure to expand its sales of power to a broader range of customers, including retail customers. The two RES licenses issued to SMGP, through LPI and MPCL have a term of five years each and are valid until September 29, 2028.

The RES licenses allow the relevant subsidiary of SMGP to enter into retail supply contracts (“RSCs”) with contestable

customers and expand its customer base. As of February 2025, LPI and MPCL supply an equivalent of 710 MW to contestable customers, including various facilities of SMC subsidiaries. Based on data obtained from the ERC, SMGP believes that it is a major player in the RES markets where it operates, supplying over 140 contestable customers as of February 2025. SMGP currently holds a direct market share of 15% of the contestable customer market, with Aboitiz, Meralco (RES), Ayala, and FGen group holding 28%, 25%, 8% and 8%, respectively, based on the Competitive Retail Electricity Market Report from the ERC as of February 2025.

Sales Strategy and Customers

SMGP seeks to sell substantially all the power generated by its portfolio of power plants to offtakers whether in the form of distribution utilities, electric cooperatives, RES, NGCP, directly connected customers or contestable customers. For the six months ended June 30, 2025, approximately 31% and 47% of consolidated sales volumes were to (i) Meralco and (ii) other distribution utilities, electric cooperatives, directly connected customers, contestable customers and ancillary services, respectively. Based on publicly available disclosures of Meralco, SMGP believes that it is one of Meralco's largest power suppliers as of June 30, 2025, supplying approximately 6,057 GWh or 32% of Meralco's power purchases. Meralco is the largest distribution utility in the Philippines. With regards to the national distribution market, SMGP believes that it holds a significant share of the other distribution utilities and electric cooperatives published in the DOE website and contracts filed with the ERC. SMGP is cautious to over-contract its capacities and seeks to leave at least 10% of its available capacity for merchant risk and for replacement power. SMGP prioritizes baseload and off-peak contracts with full fuel pass-through schemes and long tenor. SMGP capitalizes on organic and captive demand from San Miguel Corporation affiliates and strategic partners and suppliers. SMGP also seeks to dispatch capacity and offtake volume on a portfolio basis to optimize cost of generation.

Currently, the capacities of the Sual Power Plant, Masinloc Power Plant, Limay Greenfield Power Plant, Mariveles Greenfield Power Plant, San Roque Power Plant, Ilijan Power Plant and BCC Power Plant are contracted under medium to long-term offtake agreements with Meralco and its affiliates, various distribution utilities, electric cooperatives, and industrial customers under existing offtake agreements. These agreements typically include take-or-pay provisions whereby a customer is required to pay for a minimum contracted amount of power, regardless of whether or not the customer takes delivery of the entire amount, with the result that revenue from these offtake agreements is relatively stable for the duration of the agreements.

If the generation output available to the subsidiaries of SMGP from these plants exceeds the amount deliverable under their offtake agreements, such subsidiaries of SMGP offer the excess power for sale through the WESM at the market clearing price. SMGP believes that offtake agreements with distribution utilities and electric cooperatives, while subject to approval of the ERC, are relatively better in pricing compared to retail supply contracts with contestable customers.

The power generation capacity of the San Roque Power Plant and the AHP at any given time depends on the water levels in the reservoir and downstream irrigation requirements. The San Roque Power Plant and the Main Units of the AHP are operated as peaking units. Available water is used to generate power during peak hours when prices are higher.

The Auxiliary Units of AHP are operated as baseload units, as the water requirement from MWSS is continuous throughout the day, thus eliminating any discretion to choose the hour of allocation. AHC is exploring options to contract the capacity of its Auxiliary Units.

SMGP plans to contract a substantial portion of the capacity of BESS projects to provide ancillary services to the grid. It can also take advantage of arbitrage opportunities in the WESM, particularly during peak hours when prices may be more than double. BESS projects may also be contracted with other entities such as electric cooperatives or power plants.

Competition

San Miguel Global Power Holdings Corporation ("**SMGP**" or "**San Miguel Global Power**", formerly SMC Global Power Holdings Corp.), together with its affiliates, subsidiaries, associates and joint ventures, is one of the largest power companies in the Philippines. Based on the total installed generating capacities reported in the ERC Resolution on Grid Market Share Limitation and corresponding press release dated March 17, 2025 issued by the ERC (using January to December 2024 operations data for generation facilities), SMC's market share was approximately 22% of the National

grid, 28% of the Luzon grid, 5% of the Visayas grid and 9% of the Mindanao grid.¹¹ Market share is computed by dividing the relevant installed generating for the period by the total installed generating capacity of Luzon grid, Visayas grid, Mindanao grid or National grid (19,419,592 kW, 3,383,868 kW, 4,292,586 kW and 27,096,046 kW, respectively based on data provided under the ERC Resolution on Grid Market Share Limitation).

Based on the ERC press release dated March 17, 2025, the other large players in the generation sector are Aboitiz Equity Ventures, Inc., which holds interests in Aboitiz Power Corporation and Hedcor, Inc., among others, First Gen Corporation and Ayala Corporation, which holds interests in ACEN Corporation. Based on available data received from the IEMOP as of the first quarter of 2025, SMGP believes that it is the second largest and largest private generation company in terms of market share for installed generating capacity and actual generation, respectively, in the Philippines.

With the Government committed to privatizing the majority of NPC-owned power generation facilities and the establishment of WESM, the generation facilities of SMGP will face competition from other power generation plants that supply the grid during the privatization phase. SMGP will face competition in both the development of new power generation facilities and the acquisition of existing power plants, as well as competition for financing for these activities. The performance of the Philippine economy and the potential for a shortfall in the Philippines' energy supply have attracted many potential competitors, including multinational development groups and equipment suppliers, to explore opportunities in the development of electric power generation projects within the Philippines. Accordingly, competition for and from new power projects may increase in line with the long-term economic growth in the Philippines.

Customers

SMGP, through its subsidiaries, sells power, through PSAs, either directly to customers (e.g., distribution utilities, electric cooperatives, industrial customers and retail electricity suppliers) or through the WESM.

For the year ended December 31,						
Customers	2022		2023		2024	
	Volume Sold (GWh)	Revenue (in millions ₱)	Volume Sold (GWh)	Revenue (in millions ₱)	Volume Sold (GWh)	Revenue (in millions ₱)
Meralco	12,713	82,050	10,456	70,420	14,787	91,444
WESM	2,345	21,656	3,640	24,054	6,928	36,254
Total Major Customers	15,058	103,706	14,096	94,474	21,715	127,698
Others ⁽¹⁾	12,344	117,683	11,147	75,116	14,849	77,393
Total Sales	27,402	221,389	25,243	169,590	36,564	205,091

For the six months ended June 30				
Customers	2024		2025	
	Volume Sold (GWh)	Revenue (in millions ₱)	Volume Sold (GWh)	Revenue (in millions ₱)
Meralco	6,614	40,650	4,563	26,386
WESM	3,301	19,203	3,319	17,533
Total Major Customers	9,915	59,853	7,882	43,919
Others ⁽¹⁾	7,542	39,091	6,891	36,228
Total Sales	17,457	98,944	14,773	80,147

Note:

- (1) Includes non-Meralco distribution utilities, electric cooperatives, retail electricity suppliers, directly connected customers, contestable customers, sales to distribution customers, sales to related parties and sales to NGCP for ancillary services.

¹¹ The ERC press release dated March 17, 2025 setting out the market share of the five largest players in the generation sector noted that certain industry developments, including change in ownership of some large generation facilities, have not been reflected yet. Accordingly, market share is subject to adjustment, including the change in ownership of the Ilijan Power Plant. In addition to the installed generation capacity attributable to SMGP, the ERC press release includes 183 MW attributable to Petron Corporation, an affiliate of SMGP through SMC.

Safety, Health and Environmental Regulation

Power operations are subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations. These laws and regulations include the Philippine Clean Air Act of 1999 (“**Clean Air Act**”), the Philippine Clean Water Act of 2004 (“**Clean Water Act**”), Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990, the Department of Labor and Employment Occupational Safety and Health Standard of 1989, as amended, and Republic Act No. 11058 (otherwise known as “An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Therefor”). Such legislation addresses, among other things, air emissions, wastewater discharges as well as the generation, handling, storage, transportation, treatment and disposal of toxic or hazardous chemicals, materials and waste. It also regulates workplace conditions within power plants and employee exposure to hazardous substances. The Occupational Safety and Health Standard, meanwhile, was formulated to safeguard the workers’ social and economic well-being as well as their physical safety and health.

For its BESS sites, SMGP is committed to ensuring the safety of its employees and the community and has designed measures such as a fire protection system, with a fire wall, automatic fire shutters, and sprinkler system, and a double wall system composed of the blast wall and fire wall, to add additional layers of safety. The fire wall (Boral) has a 60/60/60 fire resistance level meaning it is able to maintain structural adequacy, integrity, and insulation for at least 60 minutes during fire testing. Its thermal regulation features include louver-type windows and doors and dedicated high-voltage air conditioning units. The prismatic cell design of the BESS with can-type battery enclosures provides additional safety features such as its fuse countermeasure and overcharge safety device while also promoting stability, space-efficiency and flexibility. The BESS also has a disaster resilient design, and is able to withstand 7-9 magnitude earthquakes (Seismic Zone 4) and super typhoons (i.e., wind speeds up to 270 kph).

SMGP, through its relevant subsidiaries, complies for its company-owned generation plants, and it believes that SRPC, the IPP of the San Roque Power Plant whose capacity is managed by SRHI, comply, in all material respects with all applicable safety, health and environmental laws and regulations.

The following is a list of SMGP’s active certifications as of March 2025:

Standard	Description	Facility/ Location	Validity
ISO 9001:2015	Quality Management Systems	Limay Greenfield Power Plant	2027
ISO 45001:2018	Occupational Health & Safety Management System	Limay Greenfield Power Plant	2027
ISO 14001:2015	Environmental Management Systems	Limay Greenfield Power Plant	2027
ISO 9001:2015	Quality Management Systems	Davao Greenfield Power Plant	2026
ISO 45001:2018	Occupational Health & Safety Management System	Davao Greenfield Power Plant	2026
ISO 14001:2015	Environmental Management Systems	Davao Greenfield Power Plant	2026
ISO 22301: 2019	Business Continuity Management Systems	Davao Greenfield Power Plant	2027
ISO 9001:2015	Quality Management Systems	Mariveles Greenfield Power Plant	2027
ISO 45001:2018	Occupational Health & Safety Management System	Mariveles Greenfield Power Plant	2027
ISO 14001:2015	Environmental Management Systems	Mariveles Greenfield Power Plant	2027
ISO 45001:2018	Occupational Health & Safety Management System	Masinloc Power Plant	2026
ISO 14001:2015	Environmental Management Systems	Masinloc Power Plant	2026

For each of its greenfield power plants, SMGP will comply with all applicable safety, health and environmental laws and regulations, including securing the necessary environmental compliance certificate (“**ECC**”) in accordance with Philippine law.

SMGP applies the same focus and resources on operational excellence in its portfolio of coal-fired power plants as with its environmental compliance. Efficient emission mitigation begins with a dynamic fuel preparation process that ensures coal fineness through the use of reliable and versatile coal milling and grinding equipment. SMGP plans to use dynamic classifiers to further improve coal fineness in the future. This would allow more efficient burning of coal (reducing nitrogen oxide or “NOx”) and the use of lower CV coal with lower sulfur content (reducing sulfur oxide or “SOx”). High CV coal with high sulfur content inherently does not only have higher emissions but are also significantly more expensive.

In addition to standard environmental control facilities customarily found in modern coal fired power plants such as enclosed coal conveyor and storage systems, ash storage systems, waste water treatment systems and air pollution and smoke stack systems, SMGP’s power plants have the following environmental control equipment and features that ensure that its NOx, SOx and particulate matter (“PM”) emissions are within and below applicable local limits set by the DENR and emission limits set by the World Bank:

- Circulating fluidized bed technology (used in SMGP’s greenfield power plants, Limay, Davao and Mariveles) operate the boilers at relatively lower pressure and temperatures (below 800 degrees centigrade) compared to Pulverized Coal (“PC”) technology. This results in better combustion and lower NOx and material particulates.
- Limestone injection to the fuel as it goes to the boiler is used for SMGP’s plants to further reduce their SOx and particulate matter emissions.
- Unit 3 of the Masinloc Power Plant uses supercritical boiler technology, which, relative to an ordinary PC boiler (subcritical), has a significantly better combustion process resulting to a much improved heat rate of coal – meaning less coal is required to produce a megawatt of electricity. This also allows the use of lower CV and lower sulfur coal, which is a key factor to lower SOx emissions. For Sual Power Plant and Unit 3 of the Masinloc Power Plant (the “**Masinloc PC units**”), SMGP uses Flue Gas Desulfurization (“FGD”) equipment that can remove up to 90% of the SOx and particulate matter in the flue gas emissions of these plants. The Sual Power Plant uses limestone, while the Masinloc PC Units use seawater to scrub SOx and particulate matter from the flue gases.
- For the greenfield plants, SMGP uses Electrostatic Precipitators (“ESP”) to remove particulate matter such as dust and soot, through an electrostatic charge that captures these materials from the flowing gases on their way out the smokestack.
- SMGP conducts regular meetings with the IPP of the Sual Power Plant to ensure the plant’s fuel efficiency and compliance to environmental standards.
- For the Masinloc PC units, SMGP has reduced the CV and sulfur content of coal used from 6,100 kcal and 0.5% to only 5,500 kcal and 0.25%, respectively. This is accomplished without derating the power output of the units as a result of a recent retrofit work done on Unit 2 and preventive maintenance of Unit 1 that have retained and even improved the heat rate of these units.

SMGP also plans to explore the use of catalytic reduction technology on its PC plants to further improve its NOx emissions. This is an advanced active emission control technology that injects a liquid reductant agent through a special catalyst which is predominantly ammonia, into the flue gases to capture and remove NOx emissions.

SMGP closely monitors and publishes on a weekly basis the emission data of the Limay and Davao Greenfield Power Plants, which are reviewed by both the DOE and the DENR. These power plants have emission levels that are less than 50% of the applicable local and World Bank emission limits.

The coal-fired power plants of SMGP have maintained levels of emission lower than the standards set by the DENR. The following table sets forth the level of NOx, SOx and PM emissions of the power plants owned and operated by SMGP, as well as the applicable emission control standards as of June 30, 2025:

Power Plant	NOx		SOx		PM	
	Emission level	DENR Standard	Emission level	DENR Standard	Emission level	DENR Standard
	(ppm)		(ppm)		(mg/Nm ³)	
Sual Power Plant	162.58	732	258.46	524	13.70	200
Masinloc Power Plant (Units 1 and 2)	181.07	732	482.12	524	59.84	200

Masinloc Power Plant (Unit 3)	120.32	487	82.56	245	4.98	150
Limay Greenfield Power Plant	54.80	487	36.13	245	7.71	150
Davao Greenfield Power Plant	62.24	487	64.34	245	10.23	150
Mariveles Greenfield Power Plant (Units 1 to 4)	73.28	487	64.77	245	26.11	150

In addition, coal mining in the Philippines is subject to environmental, health and safety laws, forestry laws and other legal requirements. These laws govern the discharge of substances into the air and water, the management and disposal of hazardous substances and wastes, site clean-up, groundwater quality and availability, plant and wildlife protection, reclamation and rehabilitation of mining properties after mining is completed and the restriction of open-pit mining activities in conserved forest areas.

Notwithstanding the foregoing, the discharge of chemicals, other hazardous substances and pollutants into the air, soil or water by the power plants owned or managed by SMGP may give rise to liabilities to the Government and to local Government units where such facilities are located, or to third parties. In addition, SMGP may be required to incur costs to remedy the damage caused by such discharges or pay fines or other penalties for non-compliance.

Further, the adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require that SMGP make additional capital expenditures or incur additional operating expenses in order to maintain the operations of its generating facilities at their current level, curtail power generation or take other actions that could have a material adverse effect on the financial condition, results of operations and cash flow of SMGP.

On an annual basis, operating expenses incurred by SMGP to comply with environmental laws are not significant or material relative to SMGP's total cost and revenues.

Environmental Social Governance and Sustainability Initiatives Roadmap to Net Zero

In line with SMGP's decision to significantly reduce its carbon footprint and transition to cleaner sources of energy, SMGP has developed a roadmap to Net Zero by 2050 anchored on a decarbonization strategy that includes constructing and integrating greenfield projects that aim to increase its renewable energy portfolio to at least 35% by 2030 and at least 50% by 2040. This renewable power generation energy mix is aligned to DOE's commitment to cleaner energy transition. The renewable projects in SMGP's roadmap include expansion of Angat and San Roque hydropower plants, construction of solar power plants in multiple locations, and construction of new hydropower plants in Aklan, Visayas (250 MW by 2035) and Northern Luzon (2,300 MW by 2030 and 2032). SMGP also has plans to integrate BESS to its coal power plants (in Mariveles, Sual, Masinloc and Malita) for energy arbitrage application that will utilize the off-peak capacity of the coal plants to store energy to the BESS facilities and discharge during peak hours to augment the power generation of the coal units. The BESS integration will maintain the carbon footprint of SMGP while increasing a valuable peak capacity.

SMGP is also pursuing decarbonization of its thermal plants anchored on desulphurization, denitrification and carbon extraction to sequester emissions and may also adopt ammonia co-firing depending on the technology development.

Desulphurization is simple, yet effective core technology. Seawater mist will be used as a washing medium to clean the exhaust flue gas of SOx. This simple process makes use of the natural alkalinity of the seawater in the chemical absorption of SOx. Discharge water from the power plant's sea water cooling will be used as a reagent input for the SOx absorption. The absorption process takes place by means of spray scrubbing. If the natural alkalinity is too low or discharging of effluent is not allowed, SOx scrubbing is performed in closed loop mode. In this mode, the washing medium is recycled, and a neutralizing agent (50% wt. NaOH, Na2CO3) is added in metered doses to obtain a certain absorption capacity.

Denitrification uses ammonia as key reducing agent. The technology that will be used for denitrification is a process called Selective Catalytic Reaction or SCR. This is a widely used technology in several industrial processes including power generation to scrub the NOx out of the gas emissions. NOx in exhaust flue gas is converted to Nitrogen (N2) and water (H2O) by using ammonia as a catalytic reagent. NOx emissions are however initially oxidized being mixed with

ammonia. To effect the catalytic reaction using ammonia (NH₃) as a reducing agent, the flue gas is maintained at a high temperature (~200 °C).

Carbon extraction systems utilize selective membranes that allow certain gases to pass through while blocking others. The polymer-based membranes are designed to have high permeability for CO₂ only. The CO₂-rich permeate stream is then compressed and collected for further utilization or storage. The facilitated transport membranes take advantage of the reversible chemical reaction which takes place between the CO₂ molecules and the reactive amine carrier (ammonia-based), significantly promoting the transport of CO₂ across the membrane. Non-reactive components will only transport through the membrane via the physical solution-diffusion mechanism. To achieve high CO₂ flux, the permeate gas is also connected to a vacuum to obtain a high driving force.

SMGP's initiatives have included not pursuing some of its intended coal facilities, including the previously planned power plant to be located in Pagbilao, Quezon, with planned installed capacity of 600 MW and disposing of its ownership interests in Bonanza Energy, Daguma Agro and Sultan Energy, which have coal exploration, production and development rights over approximately 17,000 hectares of land in Mindanao in December 2022.

Verde Island Passage Ecosystem Preservation

Verde Island is an island situated along the bodies of Verde Island Passage ("**VIP**") between the islands of Luzon and Mindoro. Recent independent dive expeditions both along the Ilijan shoreline and the Verde Island shoreline show pristine and flourishing coral farms and diverse marine life.

In May 2024, a Memorandum of Understanding ("**MOU**") was signed between DENR, DOE, Aboitiz Equity Ventures ("**AEV**"), Metro Pacific Investments Corporation ("**MPIC**") and SMC to assume joint stewardship of the VIP. The MOU requires the three companies (shareholders of Ilijan power plants and LNG terminal) to collaborate with relevant local governments, NGO, international development agencies, coastal communities to protect and enhance the biodiversity and coastal marine resources of VIP. The MOU will be in effect for 5 years with possible extension and funding from the 5 stakeholders to ensure the protection of VIP. Part of the MOU requires the three companies to establish a marine science biological research station with facilities in VIP and at the five provinces nearby in partnership with higher educational institutions to work towards the improvement of the quality of life of people near VIP.

SMGP Foundation, Inc.

SMGP, through the SMGP Foundation, Inc. (the "**Foundation**"), has undertaken various projects and programs that are aligned with the United Nations Sustainable Development Goals. The Foundation focuses on four key thrusts: health, education, livelihood (economic empowerment) and environmental stewardship. One of its major initiatives is the "**Ridge to Reef Conservation Program: Project 747**" which aims to plant seven million trees across four thousand hectares in at least seven provinces in the Philippines. This will be achieved through a combination of reforestation efforts, the establishment of protected forest reserves, biochar production and mangrove rehabilitation. Recently the Foundation launched its new initiative for the conservation and protection of marine biodiversity which is Project BLUE (Balanced and Healthful Life Underwater Ecosystem) which includes coral reef rehabilitation project and A Journey to One (1) Million Pawikan Hatchlings. Moreover, the Foundation places strong emphasis on education, with flagship initiatives that invest in human capital development such as scholarship programs that prioritize indigenous peoples (IP) and youth from local communities where SMGP operates. The Foundation also implements a livelihood (economic empowerment) program called "**Masaganang Negosyo, Masaganang Buhay**", which aims to establish community-led livelihood projects that foster social entrepreneurship, among other goals. Lastly, the Foundation supports several health programs that promote the well-being of local communities and vulnerable groups, while also building the capacity of frontliners (Barangay Health Workers) in host communities.

The Foundation collaborates with indigenous peoples ("**IP**") in the communities where it operates, particularly around SMGP Power Plants located in the areas of Malita, Davao Occidental; Mariveles and Limay in Bataan; Masinloc, Zambales; and Angat, Bulacan. It has conducted and supported numerous culturally sensitive CSR activities, such as honey processing, bread making, basket weaving, scholarship programs, biochar initiatives, community partnerships for Project 747, school supply donations and Christmas gift giving). SMGP has also implemented programs in support of IP groups that are not directly impacted by its operations.

Sustainability Report

In addition, SMGP completed its first sustainability report ("**2018 Sustainability Report**") using the Global Reporting

Initiative (“GRI”) as a framework, demonstrating SMGP’s commitment and awareness of the importance of sustainability and social responsibility to its stakeholders. The 2018 Sustainability Report covers the five power plants which SMGP owns and operates namely the Angat Hydroelectric Power Plant, Limay Greenfield Power Plant, Davao Greenfield Power Plant, and the Masinloc Power Plant, along with its corporate office. The 2018 Sustainability Report has been published with the GRI organizational mark after undergoing the GRI materiality disclosures service, which granted the GRI organization mark to this report in June 2020.

In the process of completing its 2018 Sustainability Report, SMGP conducted engagement and materiality testing to identify the specific GRI topics that are material to both the internal and external stakeholders of SMGP. This resulted in 25 out of 33 topics identified as material or critical to stakeholders, translating into 102 disclosures across the economic, environmental, and social categories of the GRI.

SMGP commissioned the University of Asia and the Pacific (“UA&P”) to assist it in writing the 2018 Sustainability Report in accordance with the process and principles of the GRI.

SMGP, through UA&P, tapped three (3) experts in the fields of economic, environment, and social to comprise its External Review Committee (ERC-GRI) members. The ERC-GRI reviewed and provided external assurance and validation to the 2018 Sustainability Report. This included the review of the content and data quality of the 2018 Sustainability Report in relation to the GRI Standards. A collective statement was written by the ERC-GRI members to provide their findings and recommendations.

In line with the principles of the GRI, the report was a collaborative effort by the employees of SMGP. A sustainability core team, a steering council, and technical working groups across each plant site were formed with the goal of embedding the sustainability process across SMGP’s operations. The sustainability mission of SMGP drives it to provide reliable, accessible, and affordable energy to the country through powering the economic progress of the country, constant support and partnership with our communities, protecting employee welfare, and the responsible stewardship of nature.

SMGP released its Integrated Sustainability Report covering the years 2021 and 2022 and Sustainability Scorecard covering the year 2023 in the third quarter of 2024. Please refer to San Miguel Corporation’s 2024 Sustainability Report for updates on SMGP.

Insurance

Pursuant to the IPPA arrangement of SMGP, SRPC is responsible for maintaining insurance for all the facilities, equipment and infrastructure of the San Roque Power Plant, with the exception of the dam and spillway, for which NPC is obligated to maintain insurance. SMGP is not a beneficiary of any of these insurance agreements. SMGP employs risk management for purposes of analyzing the risks faced by its business in determining the appropriate insurance policies. SMGP does not have business interruption insurance for the San Roque Power Plant and believes that there is no business interruption insurance available for the IPPA business model under which SMGP is currently operating. SMGP maintains the necessary policies to cover such insurable risks for the ownership and operation of the Mariveles Greenfield Power Plant, Limay Greenfield Power Plant, Davao Greenfield Power Plant, Sual Power Plant, Masinloc Power Plant and the BESS projects as are customary in the power generation industry, which are reviewed regularly.

Intellectual Property

SMGP owns exclusive rights to its corporate name. Management believes that the business of SMGP as a whole is not materially dependent on any trademark or on any other intellectual property.

INFRASTRUCTURE BUSINESS

The Infrastructure business, conducted through SMHC, consists of investments in companies that hold long-term concessions in the Infrastructure sector in the Philippines. Currently operating toll roads include the SLEX, Skyway Stages 1, 2 and 3, STAR, TPLEX, NAIAX. Ongoing projects include Skyway Stage 4, the extension of SLEXTR4, SLEX Toll Road 5, Pasig River Expressway, NALEX, SALEX, CBEX, NBEX, PLEX, MALEX, and the MRT-7.

SMHC also operates and is currently expanding the Boracay Airport, has investments in MNHPI, and has concession rights in LCWDC (Bulacan Bulk Water Supply Project) and SMAI (Manila International Airport). Also, in 2024, SMHC acquired the Bulakan and Obando Water companies and was awarded the NAIA Rehabilitation Project. SMHC has also established three new companies engaged in various activities that will further support the infrastructure business.

As of June 30, 2025, SMC's ownership interest in SMHC was 100.00%.

SMC has made investments in the infrastructure industry in the Philippines, through its wholly-owned subsidiary, SMHC, consisting of concessions for toll roads, airports, a seaport, bulk water supply and a mass rail transit system.

Certain details of these investments are set forth in the table below:

% SMC Effective Ownership Interest		Expected Project Cost	Concession Length	Start of Concession Period
Concession		(in millions)		
TPLEX	72.55% ⁽¹⁾	₱29,969	35 years	2008
Boracay Airport	99.92% ⁽²⁾	₱15,312	25 years	2012
MRT-7	100.00% ⁽³⁾	\$1.540(3)	25 years	From issuance of Certificate of Substantial Completion
SLEX Toll Road (TR) 1, 2, & 3	76.00% ⁽⁴⁾	Completed	30 years	2006
SLEX TR4	76.00% ⁽⁴⁾	₱27,491(4)	30 years	2006
Skyway Stage 1 & 2	83.45% ⁽⁵⁾	Completed	30 years	2011
Skyway Stage 3	85.50% ⁽⁶⁾	₱70,348	30 years	From issuance of Toll Operation Certificate
Skyway Stage 4	80.01% ⁽⁷⁾	₱56,531	30 years	From issuance of Toll Operation Certificate for each Phase
NAIAx	100.00%	Completed	30 years	2015
Star Tollway	100.00% ⁽⁸⁾	Completed	36 years	2000
Manila North Harbor	50.00% ⁽⁹⁾	₱11,881	25 years	2009
Bulacan Bulk Water Supply Stage 1 & 2	90.00% ⁽¹⁰⁾	Completed	30 years	2016
New Manila International Airport	100.00% ⁽¹¹⁾	₱343,576	50 years	From issuance of Certificate of Substantial Completion for the First Implementation Phase
SLEX TR5	90.00% ⁽¹²⁾	₱28,154	30 years	From issuance of Toll Operation Certificate for each Segment
PAREX	90.00% ⁽¹³⁾	₱81,528	30 years	From issuance of Toll Operation Certificate
NALEX	88.89% ⁽¹⁴⁾	₱148,344	30 years	From issuance of Toll Operation Certificate
SALEX	88.89% ⁽¹⁵⁾	₱152,394	30 years	From issuance of Toll Operation Certificate

CBEX	100.00% ⁽¹⁶⁾	₱22,921	35 years	From issuance of Toll Operation Certificate or Toll Operation Permit for any Section
NBEX	100.00% ⁽¹⁷⁾	₱44,771	35 years	From issuance of Toll Operation Permit
PLEX	100.00% ⁽¹⁸⁾	₱30,456	35 years	From issuance of Toll Operation Certificate
MALEX	100.00% ⁽¹⁹⁾	₱38,988	50 years	
SMC TPLEX Extension Infrastructure Corp.	100.00% ⁽²⁰⁾	₱23,581	34 years	
New NAIA Infra Corp.	33.00% ⁽²¹⁾	₱71,699	15 years	
Bulakan Water Company, Inc.	90.00% ⁽²²⁾	Completed	19 years	2024
Obando Water Company, Inc.	90.00% ⁽²³⁾	Completed	18 years	2024

Notes:

[1] Ownership through SMC TPLEX Corporation (formerly Private Infra Dev Corp.), through STHCI through SMHC equity interest

[2] Ownership through TADHC, through SMHC equity interest

[3] Ownership through SMC Mass Rail Transit 7 through SMHC equity interest. Project cost at \$1.54 billion

[4] Ownership through SMHC equity interest: 95% SMHC to AAIBV, 100% AAIBV to SMC SLEX Holdings Company, Inc. and 80% SMC SLEX Holdings Company, Inc. to SLEX. All major capex has been completed prior to equity acquisition except for TR4.

[5] Ownership through SMHC equity interest: 95% SMHC to AAIBV, 100% AAIBV to SMC Tollways Corporation and 87.84% SMC Tollways Corporation to Skyway. All major capex has been completed prior to equity acquisition

[6] Ownership through SMHC equity interest: 95% SMHC to AAIBV, 100% AAIBV to S3CTHC and 90% S3CTHC to MMSS3

[7] Ownership through SMHC equity interest: 100% SMHC to SMCI, 80.01% SMCI to MMSS4

[8] Ownership through SMHC equity interest: 100% SMHC to Wiselink, 60% Wiselink to CTCII, 100% CTCII to SIDC and 40% SMHC to CTCII and 100% CTCII to SIDC

[9] Ownership through SMHC common equity interest: 50.00% SMHC to MNHPI

[10] Ownership through SMHC common equity interest: 90% SMHC to LCWDC

[11] Ownership through SMHC equity interest: 100% SMHC to SMAI

[12] Ownership through SMHC equity interest: 90% SMHC through South Luzon Toll Road-5 Expressway Inc. to SLEX TR5

[13] Ownership through SMHC equity interest: 100% SMHC to PAREX

[14] Ownership through SMHC equity interest: 88.89% SMHC to NALEX

[15] Ownership through SMHC equity interest: 88.89% SMHC to SALEX

[16] Ownership through SMHC equity interest: 100% SMHC to CBEX

[17] Ownership through SMHC equity interest: 100% SMHC to NBEX

[18] Ownership through SMHC equity interest: 100% SMHC to PLEX

[19] Ownership through SMHC equity interest: 100% SMHC to MALEX

[20] Ownership through SMHC equity interest: 100% SMHC to SMC TPLEX Extension Infrastructure Corp.

[21] Ownership through SMHC equity interest: 33% SMHC to New NAIA Infra Corp.

[22] Ownership through SMHC equity interest: 90% through SMC Bulacan Water Services Corporation ("SBWSC")

[23] Ownership through SMHC equity interest: 90% through SMC Bulacan Water Services Corporation ("SBWSC")

For each of the years ended December 31, 2022, 2023, and 2024, the Infrastructure business had revenues of ₱30,050 million, ₱34,984 million, and ₱37,523 million; and net income before tax of ₱11,538 million, ₱14,163 million, and ₱17,337 million, respectively.

For the six-month period ended June 30, 2025, the Infrastructure business had revenues of ₱19.857 million and net income of ₱6,838 million.

Selected financial highlights for the Infrastructure business are provided below for the periods indicated:

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(in millions, except percentages)				
	₱	₱	₱	₱	₱
Sales	29,008	34,006	37,523	18,493	19,857
Gross profit.....	17,684	21,663	24,310	11,823	13,129
Gross profit margin(1).....	61.0%	63.7%	64.8%	63.9%	66.1%
EBITDA(2)	23,843	27,579	29,736	14,678	15,841
EBITDA margin(3)	82.2%	81.1%	79.2%	79.3%	79.8%
Net income before tax.....	11,538	14,163	17,337	9,451	8,625
Net income before tax margin(4)	39.8%	41.6%	46.2%	51.1%	43.4%

Notes:

- (1) Gross Profit Margin is calculated by sales less cost of sales divided by sales.
- (2) EBITDA is calculated as net income before income tax expense, net financing charges (interest income net of interest expense), extraordinary or exceptional items, foreign exchange losses (gains), marked-to-market currency losses (gains), and depreciation and amortization and impairment losses.
- (3) EBITDA margin is calculated by EBITDA divided by sales.
- (4) Net income before tax margin is calculated by net income before income tax divided by sales.

Strengths and Strategies

Strengths

Project portfolio vital to the growth of the Philippine economy

SMHC has ownership interests in various companies that hold concession rights in infrastructure projects, which are vital to the development and growth of the Philippine economy. These include operating tollways, such as the SLEX TR 1, 2 & 3, Skyway Stages 1,2 & 3, STAR tollway, TPLEX and NAIAX, serving as the main thoroughfares for motorists. The SLEX is a key gateway through which business and commerce are transported and conducted throughout this region. Notably, according to the Philippine Statistics Authority data, in 2024, the gross regional domestic product of NCR, Central Luzon, and CALABARZON approximates ₱14.8 trillion which accounts for 56% of the total gross domestic product of the country. The Skyway Stage 3 has been opened to motorists and received Notice to Collect Toll from the Toll Regulatory Board (“TRB”) last July 12, 2021. SMHC is also spearheading the development of the following projects: Boracay Airport, Manila North Harbor, Skyway Stage 4, SLEX TR4, MRT-7, and the Manila International Airport, which are projected to further support the growth in the areas they will serve.

As of June 30, 2025, traffic has already increased by 4% versus the same period of last year.

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
				4	
SLEX TR 1, 2 & 3	376,268	351,722 ⁽³⁾	356,594	357,548	370,612
Skyway Stages 1 & 2	246,340	272,383	276,850	276,483	286,011
Skyway Stage 3 ⁽²⁾	120,954	154,736	163,031	162,635	176,534
STAR	69,790	76,775	80,650	80,758	84,412
TPLEX	26,510	29,744	30,630	31,411	33,965
NAIAX	94,482	123,977	125,348	125,246	125,614

Notes:

- (1) *AADT refers to the average number of vehicles per day counted per exit in a toll road. Data is sourced through the Accounts Management System of each of the toll roads and are monitored by the Toll Monitoring Department of SMHC.*
- (2) *Partial operations — Sections 1, 2 and 3A. These reflects AADT for partial operations of Sections 1 and 2 in 2017 and Sections 1, 2 and 3A for 2018 and 2019. There is one remaining section (with two exits – Sison and Rosario) still under construction.*
- (3) *Slightly lower AADT in 2023 due to the Seamless Project implementation. A 15% discrepancy in traffic was accounted due to non-inclusion of TR3 traffic but has no impact in revenue.*

Highly experienced technical team

The Infrastructure business is composed of a highly experienced and qualified technical team, with extensive knowledge in the Philippine Infrastructure industry. In addition, the technical team has gained further expertise in the regulatory, business development and financial aspect of the Infrastructure business during construction and operations of various infrastructure projects. Strong professional relationships have also been developed with key industry participants, such as the DOTr, the Department of Public Works and Highways of the Philippines (“DPWH”), the Civil Aviation Authority of the Philippines (“CAAP”), the Philippine National Construction Company (“PNCC”) and the Toll Regulatory Board (“TRB”) as well as reputable construction contractors.

Strong principal shareholder

With SMC being one of the largest and most diversified conglomerates in the Philippines, the Infrastructure business believes that it can increase its leverage and bargaining ability that is vital for the implementation and completion of its projects. SMC has continuously provided the necessary financial support to the capital-intensive Infrastructure business.

Under the stewardship of SMC, the Infrastructure business has become one of the major players in the industry in a relatively short period of time. SMHC believes it will continue to benefit from the extensive business networks of SMC, its in-depth understanding of the Philippine economy, and the expertise of its senior managers to identify and capitalize on growth opportunities.

Strategies

Focusing on the improvement of Infrastructure in the Philippines

SMHC believes there are significant opportunities in building and participating in Infrastructure projects in the country that has historically under-invested in Infrastructure. These Infrastructure projects are expected to support and contribute to the continued growth of the Philippine economy. Thus, SMHC believes its long-term concessions and obtaining new long-term concessions from Government’s Infrastructure projects in the pipeline will provide strong and stable cash flows.

Potential to extract synergies across businesses

SMC’s push for Infrastructure development supports other businesses of SMC. These capital-intensive Infrastructure projects propel businesses like cement, oil and energy especially during the construction stage. Completed or operating Infrastructure projects on the other hand create an ecosystem for other businesses to operate more efficiently and enhance its strong distribution network.

Areas and projects being developed by the Infrastructure business present opportunities for the other businesses of SMC. For example, the TPLEX, Boracay Airport, MRT-7, other road projects and the Manila International Airport are expected to complement and present opportunities for fuel and oil, energy, and other businesses of SMC, as well as further expand the distribution network for food and beverages business of SMC.

Synergies with the other businesses of SMC will also contribute to the growth of SMHC as partnerships with these companies can create additional income for SMHC through the use of service facilities and advertising space rentals.

Toll Road Concessions

Presidential Decree No. 1112 was signed authorizing the establishment of toll facilities on public improvements, creating a board for the regulation thereof and for other purposes. It is the same decree that states that the resources of the private sector can be tapped to provide certain Infrastructure services to the general public and in return would have the right to collect toll fees in order to get a reasonable rate of return. The TRB (under the DOTr) was established to be the governing authority of all tolled Infrastructure facilities in the Philippines. It is also empowered to enter into contracts, determine public improvements that can be operated as tolls, monitor operations and maintenance of tolled facilities, and approve tariff or toll rates for public Infrastructure projects.

Currently, there are 13 operational toll road facilities in the country recognized by the TRB, which are the TPLEX, Skyway Stages 1&2, Skyway Stage 3, NAIAX, SLEX TR1, 2 and 3, STAR, Subic-Clark-Tarlac Expressway (“**SCTEX**”), North Luzon Expressway (“**NLEX**”), Manila-Cavite Expressway (“**CAVITEX**”), Muntinlupa Cavite Expressway (“**MCX**”), Cavite-Laguna Expressway (“**CALAX**”), Cebu-Cordova Link Expressway (“**CCLEX**”), and Harbor Link Segment 10. Out of these thirteen (13) operating toll facilities in the country, six (6) are owned and controlled by SMHC namely Skyway Stages 1 & 2, Skyway Stage 3, SLEX, STAR, TPLEX, and NAIAX. Projects such as SLEX TR4 is currently under construction while PAREX and SLEX TR5 are in the design and planning stage. SMHC has rights to approximately 1,162.52 kilometers of total road length serving Metro Manila and other fast-growing regions of Luzon.

TOLL ROAD PROJECT	Length (km)	Status
Tarlac Pangasinan La Union Expressway (TPLEX)	89.21	Section 1, 2, 3A & 3B Operational
Skyway (Stages 1 and 2) with extension	33.42	Operational
South Luzon Expressway (SLEX TR1-TR3)	36.13	Operational
Southern Tagalog Arterial Road (STAR)	41.90	Operational
NAIAX with Tramo Extension	6.30	Operational
Skyway Stage 3 (NLEX-SLEX Link SMC)	17.93	Operational
Skyway Stage 4/SEMME/ C6 Expressway (Phase 1&2)	56.74	For Implementation upon delivery of ROW
SLEX TR4	66.74	For Implementation upon delivery of ROW
SLEX TR5	420.00	Approved by the Office of the President
Pasig River Expressway (PAREX)	19.37	Approved by the Office of the President
Northern Access Link Expressway (NALEX)	136.00	Approved by the Office of the President
Southern Access Link Expressway (SALEX)	40.65	Approved by the Office of the President
Cavite-Batangas Expressway (CBEX)	27.06	Signed Toll Concession Agreement
Nasugbu-Bauan Expressway (NBEX)	60.90	Signed Toll Concession Agreement
Pangasinan Link Expressway (PLEX)	42.76	Ongoing Detailed Engineering Design
Marilao Access link Expressway (MALEX)	8.00	Ongoing Detailed Engineering Design
TPLEX Extension (TPLEXE)	59.4	Ongoing ROW Acquisition
TOTAL SMC	1,162.52	76.35%
Others (Non-SMC)		
Subic Clark Tarlac Expressway (SCTEX)	94.00	Operational
North Luzon Expressway (NLEX)	106.40	Operational
CAVITEX	22.40	Operational
Cavite Laguna Expressway (CALAX)	46.08	Awarded by DPWH – Partially Operational
Muntinlupa Cavite Expressway (MCX)	4.00	Operational
NLEX-SLEX Connector Road	8.00	Partially Operational
Cebu-Cordova Link Expressway (CCLEX)	8.50	Operational
Harbor Link Segment 10	8.18	Operational
Camarines Sur Expressway	15.21	Ongoing Construction
C5 South Link Expressway	7.70	Partially Operational
Subic Freeport Expressway (SFEX)	8.80	Operational
Central Luzon Link Expressway (CLLEX) Phase 1	30.70	Operational
TOTAL OTHERS (Non-SMC)	359.97	23.64%
GRAND TOTAL	1,522.49	100.00%

Tarlac-Pangasinan-La Union Expressway (“TPLEX”)

In August 2009, SMC made its first Infrastructure investment by acquiring a 35% (currently 72.55%) stake in SMCTC. SMCTC holds the 35-year BTO concession for TPLEX. The TPLEX is an 89.21 km toll expressway that connects the

northern part of Luzon to Manila. The TPLEX is expected to be integrated with other major expressways (including the NLEX and SCTEX) for seamless toll system management and for the convenience of motorists.

Project cost for the development of TPLEX is estimated at ₱29,969 million, which is funded by a combination of debt, equity and Philippine government subsidy.

Construction commenced in October 2010. Section 1 (from Tarlac to Carmen) was completed in April 2014. Section 2 (from Carmen to Urdaneta) was completed December 2014. Binalonan exit in Section 2 opened in July 2016. Section 3A until Pozzorubio was completed in December 2018. Construction from Talogtog to Pozzorubio and the Bued Viaduct is already completed. The last segment from Pozzorubio to Rosario was opened last July 15, 2020.

TPLEX has ongoing enhancement projects including the expansion of existing and construction of additional Lay-Bys, supply and installation of street lighting at a black spot area, and construction of Cross Underdrain at Section 3.

For the years ended December 31, 2022, 2023, and 2024, the AADT of TPLEX was around 26, 510, 29,744, and 30,630 vehicles, respectively. As of June 30, 2025, the ADT of TPLEX was around 33,965.

South Luzon Expressway (SLEX)

SMC SLEX is the concessionaire of the SLEX which currently spans 36.13 km from Alabang, Muntinlupa to Sto. Tomas, Batangas. SLEX is composed of four (4) toll road segments, namely TR1, TR2, TR3, and TR4 which are intended to operate as an integrated expressway. Currently operational are TR1, TR2, and TR3. These were classified into four (4) segments to clearly define the scope of work (including rehabilitation and/or construction works) for each.

TR1 involved the rehabilitation and upgrade of the Alabang viaduct which included the widening of the atgrade portion of the roads, retrofitting of the existing structure, and the replacement and expansion of the elevated portion from six (6) to eight (8) lanes. TR2 involved the widening of the SLEX segment between Filinvest exit and Sta. Rosa, Laguna from four (4) to eight (8) lanes and segment between Sta. Rosa, Laguna to Calamba, Laguna from four (4) to six (6) lanes. TR3 involved the construction of a four (4)-lane roadway from Calamba, Laguna to Sto. Tomas, Batangas. The construction of this section connected Metro Manila, SLEX, and STAR.

For the years ended December 31, 2022, 2023, and 2024, the AADT of SLEX was around 376,268, 351,722, and 356,594 vehicles, respectively. As of June 30, 2025, the ADT of SLEX was around 370,612.

Construction is ongoing within the Escudero Properties in Tiaong, Quezon with ongoing coordination with the DPWH to expedite the acquisition of ROW. TR4, a 66.74-km four (4)-lane road, is expected to start operation by 2025. It is divided into six (6) sections: Sto. Tomas to Makban in Laguna; Makban to San Pablo City; San Pablo to Tiaong, Quezon; Tiaong to Candelaria, Quezon; Candelaria to Tayabas, Quezon; and Tayabas to Lucena City. It will include seven (7) interchanges in Sto. Tomas, Makban, San Pablo City, Tiaong, Candelaria, Sariaya and Lucena City.

SLEX also has ongoing improvement projects, including widening its main carriageway and constructing additional viaducts, interchanges, and toll plazas. The SLEX Widening project started its full-blast works in 2023 and is deemed to be completed by 2026. Some projects are expected to be completed by 2025, such as the Alabang Viaduct project, Susana Heights Entry Plaza NB and SB, and the Sto. Tomas Interchange. The remaining improvement projects, the Mamplasan Project and Sipit Interchange, are expected to be completed by 2026. Construction of TR4, on the other hand, is still in progress with an overall accomplishment of 37.99% as of December 31, 2024. ROW acquisition on all sections is already at 80.97% or 54.04km out of 66.74km.

The whole project is estimated to cost around ₱27,491 million.

South Luzon Expressway Toll Road 5 ("SLEX TR5")

SLEX TR5, also known as the Quezon-Bicol Expressway, is a 420-km two (2)-lane each direction, toll road project which starts from SLEX TR4 in Brgy. Mayao, Lucena City, Quezon, and ends at Matnog, Sorsogon, near the Matnog Ferry Terminal. This four (4)-lane expressway project will be made up of eight (8) segments: Lucena to Gumaca, Quezon (59.60 km), Gumaca to Tagkawayan, Quezon (62.40 km), Tagkawayan to Sipocot, Camarines Sur (59.0 km), Sipocot to Naga City, Camarines Sur (35.40 km), Naga City to Polangui, Albay (48.00 km), Polangui to Legaspi City, Albay (35.00 km), Legaspi to Sorsogon City, Sorsogon (54.30 km), and Sorsogon City to Matnog, Sorsogon (62.78 km).

Centered on the proposal submitted by the joint venture (“JV”) of the PNCC and SMHC, the SLEX TR 5 was officially designated as a certified toll road project in a TRB resolution dated June 29, 2020. On June 3, 2022, the Supplemental Toll Operations Agreement was signed and granted by TRB.

The SLEX TR5 will run parallel to the current Philippine National Railway, Maharlika Highway, and Padre Burgos National Road or Quirino Highway, facilitating the creation of new growth centers in the Quezon and Bicol areas, as well as other southern sections of the country. The project aims to reduce the travel time from Lucena to Matnog from nine (9) hours to five and a half (5 1/2) hours, and connect major urban centers in Quezon and Bicol, providing access to tourist destinations, ro-ro ports, fish ports, and food production/agriculture areas.

Following TRB’s approval of Pertconsult-JFCA Joint Venture as the project’s IC, SLEX TR-5 has started several pre-construction activities in 2024. IC certified drawings were already submitted to TRB, while structural and other drawings, which are partially approved by the IC, are still subject for review and resubmission. There is also a proposal for the Padre Burgos Interchange, awaiting TRB’s approval. ROW acquisition is still in progress.

As of June 30, 2025, South Luzon Toll-road 5 Expressway, Inc is a 90% owned subsidiary of SMHC.

Pasig River Expressway (“PAREX”)

PAREX is a 19.37 km six (6)-lane, all elevated expressway which runs through the entirety of the Pasig River. The project begins at Radial Road 10 (R10) in Manila and ends at Circumferential Road 6 (C6), where it will connect to the South East Metro Manila Expressway. This will link and utilize a 2.7-kilometer section of Skyway Stage 3 between Nagtahan and Plaza Azul. Once finished, the ₱81,528 million project will have the following segments: 251 R-10-Plaza Azul (5.74 km), Plaza Azul-San Juan River via Skyway Stage 3 (2.70 km), San Juan River-C5 Intersection (7.32 km), and C5 Intersection-C6 Intersection (6.30 km).

The Pasig River Expressway is a joint project agreement between the Philippine National Construction Corporation (“PNCC”) and SMHC. Last September 21, 2021, SMC, through its affiliate Pasig River Expressway Corporation, together with DPWH, DOTr and TRB signed the Execution of the Supplemental Toll Operations Agreement (“STOA”) for the financing, construction, operations and maintenance of the project. The groundbreaking ceremony was held last September 24, 2021.

The PAREX will run through Manila, Makati, Mandaluyong, Pasig, Taguig, municipality of Pateros in Metro Manila and Taytay in Rizal province, establishing a direct link between Metro Manila’s western and eastern cities through an elevated expressway. It is expected to ease the decongestion of R-10, EDSA, and C-5 by creating a link between Metro Manila’s toll roads and freeways. Not only that this will contribute to the Philippine Road transportation system’s efficiency by delivering safe and dependable Infrastructure, but this would also lead a historic endeavor to rehabilitate Metro Manila’s main river, the Pasig River.

In 2024, despite several pushbacks raised by various stakeholders, it was cleared that the 19.37-km project was only put on-hold and not cancelled. During the year, PAREX has completed the Pasig River dredging and is preparing to proceed with the neighboring rivers adjacent to Pasig River. ECC application and DED services are still in progress. In addition, the company also has ongoing review for the harmonization with Pasig River Esplanade Project, other DPWH’s projects, and addressing concerns of various stakeholders.

As of June 30, 2025, SMHC has an ownership interest of 90% in the PAREX.

Southern Access Link Expressway (“SALEX”)

The Southern Access Link Expressway is a 40.65 km toll elevated expressway network comprising of Section 1: C3-R10 Extension, Section 2 Segment 1: Shoreline Expressway, Section 2 Segment 2: Quirino Extension, and Section 2 Segment 3: Buendia Extension. Section 1 (4.52km) is a four (4)-lane elevated structure connecting MMSS3 at Sgt. Rivera in Quezon City to Shoreline Expressway at R-10. Section 2 Segment 1 (25.29km), an elevated six (6)-lane expressway, is the main spine along Manila Bay that will link MMSS3 and PAREX with Shoreline Expressway. It will begin at a connection with NALEX and runs south until it joins PAREX at Delpan Bridge, where it breaks. It will start again from PAREX at Ayala Bridge until it reaches Manila Cavite Toll Expressway and NAIAX. Section 2 Segment 2, an elevated four (4)-lane structure, starts from the intersection of Quirino Avenue and Osmena Highway and ends at its connection with the Shoreline Expressway along Roxas Boulevard. Section 2 Segment 3, an elevated four (4)-lane structure, is a vital link of NAIAX with Shoreline Expressway and Makati Central Business District at Buendia Avenue.

The SALEX is a joint project between PNCC and SMHC. The STOA for the ₱152,394 million project was signed on June 20, 2022.

The SALEX aims to provide vital links and road capacity to deliver the full economic potential of the Manila International Airport ("MIA"). Moreover, due to congested traffic in NLEX, McArthur Highway, EDSA, SLEX, the project intends to provide alternative routes and road networks that will service passenger traffic.

As of June 30, 2025, SMC Southern Access Link Expressway Corporation, the joint venture company for the SALEX, is a 88.89% owned subsidiary of SMHC.

Northern Access Link Expressway ("NALEX")

The NALEX is a toll expressway that aims to connect the MIA, Metro Manila, and Central Luzon. The project is composed of two (2) phases: Phase 1, with an estimated project cost of ₱148,344 million, is divided into Section 1 (Balintawak – MIA), and Section 2 (MIA – Tarlac City and TPLEX), and Phase 2 which runs from Masantol, Pampanga to Tarlac City. The NALEX Phase 1 Section 1 is a 19.4-km elevated toll road that begins at Skyway Stage 3 – Balintawak and ends at MIA. Meanwhile, the project's Phase 1 Section 2 is an at-grade expressway that runs from MIA to Tarlac City and TPLEX. This 117-km toll road is divided into three (3) segments: Bulacan-Guagua (41 km), Guagua-Mabalacat (31 km), and Malabacat-Tarlac (45 km), with 8 interchanges/exits in total. NALEX Phase 2, on the other hand, will be a demand-driven expansion that will serve as an alternate route for Phase 1 Section 2. This expansion is a 69.2 km toll road divided into two (2) segments: Macabebe-Arayat, and Arayat-Tarlac. Once constructed, this project intends to provide a more accessible and convenient route from Metro Manila and Central Luzon to the MIA, and vice versa.

As of June 30, 2025, SMC Northern Access Link Expressway Corporation, the joint venture company for the NALEX, is a 88.89%-owned subsidiary of SMHC.

Cavite-Batangas Expressway ("CBEX")

The CBEX, a 27.06-km unsolicited toll road project, is a joint venture between the Provincial Government of Cavite and SMHC. It is a four (4)-lane expressway which begins with a connection to Cavite-Laguna Expressway ("CALAX") in Silang, Cavite and travels southwest parallel with the Emilio Aguinaldo Highway and ends at Tagaytay-Nasugbu Highway. It will traverse the municipalities of Silang, Amadeo, Tagaytay, Indang, Mendez, Alfonso in Cavite and Nasugbu, Batangas, and will have three (3) access/interchange points in Silang, Tagaytay, and Nasugbu/Alfonso. This ₱22,921 million project aims to provide an additional highway that will help mitigate the road congestion in CALABARZON.

The Original Proponent Status and Certificate of Successful Negotiations was signed last September 1, 2022. The Notice of Award was signed and granted on January 24, 2023. On February 7, 2023, the Joint Venture Agreement and the Toll Concession Agreement was signed between the Provincial Government of Cavite and SMHC.

As of June 30, 2025, the ICE contract was already awarded to Pertconsult International. ECC application is currently on-hold due to consideration of new alignment.

Nasugbu-Bauan Expressway ("NBEX")

NBEX is a 60.9-km toll road project that aims to ease congestion and create a more accessible route in the southeast part of Luzon. The project alignment begins at Tagaytay-Nasugbu Highway in Brgy. Kaylaway, runs parallel with the Tuy-Balayan Highway up to the Municipality of Balayan, then runs parallel with the PalicoBalayan-Batangas Road and ends at the Municipality of Bauan. This four (4)-lane expressway will connect the municipalities of Nasugbu, Tuy, Balayan, Calaca, Lemery, Agoncillo, Taal, San Nicolas, Santa Teresita, San Luis, and Bauan. There will be five (5) access/interchange points in (1) Nasugbu (Kaylaway), (2) Nasugbu, (3) Balayan, (4) Lemery, (5) Bauan.

The NBEX is a joint venture between the Provincial Government of Batangas and SMHC. The Certificate of Acceptance was signed on April 21, 2022, and its Notice of Award was signed last March 10, 2023. On March 22, 2023, the Joint Venture agreement was signed between the parties. The Toll Concession Agreement of this ₱44,771 million project was signed on July 31, 2023.

As of June 30, 2025, the design and ICE TOR were already submitted to the LGU and awaiting approval. EIA Report preparation and ROW activities are also in progress.

Pangasinan Link Expressway (“PLEX”)

PLEX, a 42.76-km unsolicited expressway proposal, is a joint venture between the Provincial Government of Pangasinan and SMHC. The project is composed of two (2) phases: Phase 1, which runs from the Binalonan section of TPLEX to Lingayen, and Phase 2, which extends from Lingayen to Alaminos. PLEX’s Phase 2 will be implemented once the traffic demand is met/upon reaching a certain level of traffic. This ₱30,456 million project aims to improve the intra-provincial traffic and create a more accessible route within the province of Pangasinan.

The Original Proponent Status and Certificate of Successful Negotiations was granted by the Province of Pangasinan to SMHC last May 18, 2023. The Notice of Award was signed and issued on July 10, 2023.

Marilao Access Link Expressway (“MALEX”)

MALEX is an 8-km toll road that aims to link North Luzon Expressway (NLEX) to the MIA. Also known as the Airport Toll Road, MALEX is part of the 50-year MIA Concession Agreement signed on September 18, 2019 with the ROP through DOTR. This six (6)-lane expressway project, which has an estimated cost of ₱38.99 billion before financing, will have three (3) interchanges in (1) NLEX-McArthur, (2) McArthur-Talipit and (3) Talipit-MIA.

As of June 30, 2025, the detailed engineering and design has been completed, and ROW acquisition activities are ongoing.

TPLEX Extension (“TPLEXE”)

The TPLEX Extension Project is an unsolicited toll road project that aims to facilitate the development of regions in Northern Luzon and improve the interconnectivity of Central Luzon with Metro Manila. Initially, the submitted proposal is composed of four (4) phases: Phase 1 – Rosario, La Union to San Juan, La Union, Phase 2 – San Juan, La Union to Candon City, Ilocos Sur, Phase 3 – Candon City, Ilocos Sur to Vigan City, Ilocos Sur, and Phase 4 – Vigan City, Ilocos Sur to Laoag City, Ilocos Norte. However, upon evaluation, only Phase 1 was granted by the Government.

The 59.4-km toll road project is a four (4)-lane expressway divided into three (3) segments: (1) Rosario-Tubao, (2) Tubao-Naguilian, and (3) Naguilian -San Juan. There will be five (5) interchanges: (1) Rosario, La Union, (2) Tubao, La Union, (3) Naguilian, La Union, (4) Bauang, La Union, and (5) San Juan, La Union.

On July 3, 2024, the Concession Agreement was signed between SMC TPLEX Extension Infrastructure Corp. and the Government of the Republic of the Philippines, acting through DPWH as the Grantor.

Skyway System

Skyway Stage 1 and 2

SMC SKYWAY was incorporated on November 27, 1995 as a joint venture between P.T. Citra Lamtoro Gung Persada (“Citra”) and the Philippine National Construction Corporation with the primary and exclusive responsibility and privilege of financing, designing, and constructing, under a build-transfer-operate (“BTO”) scheme, the South Metro Manila Skyway and Metro Manila Tollways.

SMC SKYWAY entered into a BTO scheme with the Government under which SMC SKYWAY was to construct an elevated expressway from Alabang, Muntinlupa City to Buendia, Makati City and to rehabilitate the at-grade from Magallanes, Makati City to Alabang, Muntinlupa City. Stages 1 and 2 of the Skyway Project, which have been in operation since December 1998 and December 2010, respectively, are now being operated and managed by SOMCO. SMC SKYWAY holds 40% of the outstanding capital stock of SOMCO.

Skyway Stage 1 consists of the construction of a 9.02 km elevated road from Bicutan, Parañaque City to the Buendia, Makati City as well as the rehabilitation of the 13.43 km at-grade road from Alabang, Muntinlupa to Magallanes, Makati City. Skyway Stage 1 was first opened to traffic in 1999, with an AADT of 160,000 vehicles, broken down into 25,000 and 135,000 vehicles on the elevated highway and at-grade road, respectively. Skyway Stage 2 consists of a 6.88 km elevated toll road from Bicutan, Parañaque City to Alabang, Muntinlupa, to be integrated with Skyway Stage 1 and operated as 1 sub-system of the MMS.

The STOA was later amended in 2007 to include Stage 2 of the Skyway Project. This portion of the project covers 6.88 km of an elevated expressway from Bicutan to Alabang, extending the 9.02 km elevated toll road from Makati to Bicutan. Stage 2 involved the construction of six travel lanes, with four lanes at the Sucat Ramp Toll Plaza leading westward to Dr. A. Santos Avenue. The Sucat-Alabang Section, on the other hand, has four travel lanes from Sucat going down to the two-lane slip ramps leading to the South Luzon Tollway in front of Hillsborough Subdivision.

Originally scheduled for completion in April 2011, Phase 1 of Skyway Stage 2 was completed in November 2010 and opened to the public in December the same year. Phase 2 of Skyway Stage 2 was completed in March 2011.

For the years ended December 31, 2022, 2023, and 2024 the AADT of Skyway was around 246,340, 272,383, and 276,850 vehicles, respectively.

As of June 30, 2025, the ADT of Skyway was around 286,011 vehicles.

On June 29, 2019, the construction of the Skyway-Alabang South Extension Project (also known as Skyway Extension) began. This project aims to decongest the existing Skyway System and SLEX by widening the existing lanes approaching Sucat exit, and providing an elevated viaduct running from Susana Heights, connecting it to the existing Alabang Viaduct. This is foreseen to lessen the at-grade traffic through the diversion of motorists from at-grade to elevated. The northbound side of the Skyway Elevated Extension was opened to the public last April 2021, while the southbound side was also opened last December 2021.

As of June 30, 2025, SMC Skyway Corporation ("**SMCSC**") is an 87.84%-owned subsidiary of SMC Tollways Corporation. SMC Tollways is a 95% owned subsidiary of SMHC through AAIBV.

Skyway Stage 3

Skyway Stage 3 Project is a 17.93-km elevated roadway from Buendia, Makati City to Balintawak, Quezon City. Skyway Stage 3 Project is a priority infrastructure project of the government meant to decongest major thoroughfares within Metro Manila and stimulate the growth of trade and industry in Southern, Central, and Northern Luzon. The project covers a concession period of 30 years from the issuance of the Toll Operation Certificate. This was opened partially to the public last December 29, 2020, free of toll, and was formally inaugurated and opened to motorists, still free of toll, on January 14, 2021. The Toll Operations Permit was issued on July 1, 2021, and MMSS3 started collecting toll fees on July 12, 2021.

On November 16, 2012, SMC Skyway Stage 3 Corporation (formerly Citra Central Expressway Corp.) was incorporated as a stock corporation under the laws of the Republic of the Philippines with the primary purpose to finance, design and construct (under a BOT scheme with the Philippine government) the Skyway Stage 3 project. Subsequently, the Supplemental Toll Operation Agreement ("**STOA**") covering the Skyway Stage 3 project was signed on September 26, 2013, among TRB, PNCC, and SMCSS3C.

For the years ended December 31, 2022, 2023, and 2024 the AADT of Skyway Stage 3 was around 120,954, 154,736 vehicles, and 163,031, respectively. As of June 30, 2025, the AADT of Skyway Stage 3 is 176,534 vehicles.

As of June 30, 2025, SMC Skyway Stage 3 Corporation is an 85.50% owned subsidiary of SMHC through Stage 3 Connector Tollways Holdings Corp. ("**S3CTHC**"). S3CTHC is a 100% owned subsidiary of SMHC through SMC Tollways Corporation.

Skyway Stage 4

Skyway Stage 4 is a 56.74-km roadway from South Metro Manila Skyway to San Jose Del Monte, Bulacan and another spur to Luzon Avenue. Skyway Stage 4 serves as another expressway system that aims to further decongest EDSA, C5 and other major arteries of the Metropolis. Further, it aims to provide faster alternate routes and accessibility for the motorist when travelling from the province of Rizal and Calabarzon area to Metropolis. The project covers a concession period of 30 years (from start of operations), with an estimated cost of ₱56,351 million.

On February 17, 2014, SMC Skyway Stage 4 Corporation (formerly Citra Intercity Tollways Inc) was incorporated as a stock corporation under the laws of the Republic of the Philippines to engage in the construction of toll roads, toll road facilities, including but not limited to the Metro Manila Expressway ("**MME**") or C6 and any of its stages, linkages and extensions pursuant to a build and transfer or other scheme duly approved by the appropriate Philippine authorities.

Subsequently, the Supplemental Toll Operation Agreement (“**STOA**”) covering the Skyway Stage 4 project was executed on July 4, 2014, among TRB, PNCC, and MMSS4.

As of June 30, 2025, SMC Skyway Stage 4 Corporation (“**SMCSS4C**”) is 80.01% owned subsidiary of SMHC through its wholly owned subsidiary, SMC Infraventures Inc. (“**SMCI**”).

STAR Tollway

In 2013, SMHC acquired equity interest in SIDC which holds the concession over the STAR Tollway, through its 58.31% membership interest in Sleep Coop and 50% shares in Wiselink Investment Holdings, Inc. (“**WIHI**”). Sleep Coop and WIHI own 40% and 60% of Cypress Tree Capital Investments, Inc. (“**CTCII**”), respectively, which owns 100% of SIDC.

STAR Tollway is composed of two stages – Stage 1 which involves the operation and maintenance of the 22.16 km toll road from Sto. Tomas, Batangas to Lipa City, Batangas and Stage 2 which involves the financing, design, construction, operation and maintenance of the 19.74 km toll road from Lipa City, Batangas to Batangas City, Batangas. The entire system had a full year AADT of 62,453 vehicles in 2019.

For the years ended December 31, 2021, 2022, and 2023, the AADT in STAR Tollway were 61,609, 69,790, and 76,775 vehicles, respectively. As of June 30, 2025, the ADT of Star increased to 84,412 vehicles.

As of June 30, 2025, SIDC is a wholly owned subsidiary of SMHC through CTCII. CTCII is a subsidiary wholly owned by SMHC with 60% ownership through WIHI and 40% previously owned by Sleep Coop, which was transferred to SMHC after its liquidation.

NAIAx

SMC NAIAX Corporation (formerly Vertex Tollways Devt. Inc.), a wholly-owned subsidiary of SMHC, was incorporated on May 31, 2013, for the purpose of holding the 30-year concession rights (including a two-year construction period) for the NAIAX project.

The ₱26,540 million NAIAX was the third PPP project awarded under the administration of President Benigno Aquino III. It was awarded by the DPWH through a competitive bidding process to Optimal Infrastructure Development, Inc. (“**Optimal**”) in 2013. Eventually, Optimal nominated SMCNC as the concessionaire of the said project. The concession agreement between DPWH and SMCNC was finalized and signed on July 8, 2013.

The project covers the financing, design, construction, operation and maintenance of a new tollway system, approximately 6.30 km in length, serving as interface to the Skyway Stage 1 and 2 and CAVITEX. The NAIAX (i) significantly reduces travel time from Skyway Stage 1 and 2 to Roxas Boulevard; (ii) provides easy access to airports in Metro Manila, linking them to Skyway Stages 1 and 2 and the CAVITEX and (iii) boosts tourism by providing access to and from Entertainment City, paving the way for further developments within the PAGCOR Entertainment City.

Partial operations of Phase 2A commenced in September 2016 and Phase 2B was completed and became fully operational in December 2016, with toll collections starting in January 31, 2017. Ramps 1 and 17 opened in June 2017, with toll collections starting in July 2017. Furthermore, the construction of an 836-meter, two (2)- lane entry on-ramp structure along Aurora Boulevard in Pasay City (also known as Tramo) has been opened to the public on March 1, 2024. It is expected to enhance the accessibility of NAIA Terminals 1 and 2 for vehicles coming from EDSA Southbound. The elevated viaduct will connect to NAIAX at the intersection of Aurora Boulevard and Domestic Road from the existing Tramo Flyover and EDSA.

For the years ended December 31, 2022, 2023, and 2024 the AADT of NAIAX was at 94,482, 123,977, and 125,348 vehicles, respectively. As of June 30, 2025, the AADT of NAIAX increased to 125,614 vehicles.

Airport Concession

Boracay Airport

In April 2010, SMHC acquired a 93.0% stake in Caticlan International Airport Development Corp. (subsequently renamed TADHC), while the remaining 7% interest was held by Akean Resorts Corporation, a non-affiliated entity. TADHC holds

a 25-year concession for the Boracay Airport, granted by the Republic of the Philippines, through the DOTC (now, DOTr), under a contract, add, operate and transfer scheme under the BOT law.

As of June 30, 2025, SMHC owns 99.92% of TADHC.

Boracay Airport is the principal gateway to the Boracay Island, a popular resort for passengers traveling from Manila. The airport has seen recent upgrades including a longer runway and accommodation of international flights. With the influx of tourist during the holidays, the Boracay Island has welcomed 2.0 million tourists by end of 2017. With the closure in 2018, tourists dropped to about 550,000 according to the Department of Tourism.

For the years ended December 31, 2022, 2023, and 2024, tourists of Boracay Airport were around 1,264,381, 1,581,026, and 1,592,654 respectively, according to data from the Airport Operations and Control Centre of Boracay Airport. As of June 30, 2025, total passengers were 833,157.

The planned expansion of the airport is expected to be completed in stages and involves the following: (i) upgrade and extension of the runway, from original scale of 950 meters long and 30 meters wide, to 2,100 meters long and 45 meters wide to accommodate larger international and domestic aircraft; (ii) upgrade of the Boracay Airport and its facilities to comply with International Civil Aviation Organization standards and the Manual of Standards for Aerodromes of the CAAP; (iii) replacement of the old 550 square meter terminal with a new world class passenger and cargo terminal and to commence construction of new terminal in 2016; (iv) improvement of road networks around Boracay Airport and its facilities; and (v) upgrade of air navigational systems.

The construction of the new passenger terminal building is 31.31% complete. Meanwhile, the supply, installation, testing, and commissioning of an outdoor substation is 63.79% completed. However, both works are currently suspended until further notice, while the revision of the DED for the new passenger terminal building has already been completed. On the other hand, the covering of the open ditch & drainage is at 98.23% complete. Works for this are currently ongoing.

Manila International Airport

SMHC was granted the Original Proponent Status (“OPS”) by the DOTr for the construction of the Manila International Airport in Bulakan, Bulacan last September 22, 2017. The site of the airport has an aerial distance of 28.5km from NAIA and 61.3km from Clark. Total available area for the airport site and other development is around 2,500 hectares.

The submission and opening for the Swiss Challenge commenced on July 31, 2019. Since there were no qualified challengers that participated, the Notice of Award (“NOA”) was issued on August 14, 2019, and was officially received by SMHC on August 19, 2019. SMAI, the special purpose company incorporated by SMHC to implement the project, then proceeded with the execution of the Concession Agreement with the DOTr on September 18, 2019.

As of June 30, 2025, the overall progress is at 84.62%. Site clearance, land filling works, and ground improvement works are 100.00%, 72.37%, and 94.27% complete, respectively. The San Miguel Team continues to work on the Airport Masterplan along with the critical components of the MIA.

SMAI is also working with various parties for the design, construction, and financing of other critical components of the MIA.

Ninoy Aquino International Airport

On February 16, 2024, the Consortium, led by San Miguel Holdings Corp., has officially won the contract to rehabilitate, operate and maintain the NAIA which is the country’s main international gateway. The Consortium is comprised of SMHC owning 33%, RMM Asian Logistics Inc. owning 30%, RLW Aviation Development Inc. owning 27% and Incheon International Airport Corp owning 10%. Together, the members of the consortium incorporated the concession company, New NAIA Infra Corp. in the same ownership percentage sharing.

On March 18, 2024, the Concession Agreement was signed with the concession company, New NAIA Infra Corp. The operation of NAIA was turned-over by the Manila International Airport Authority to the concession company on September 14, 2024.

The Consortium is required to rehabilitate, operate, optimize, and maintain NAIA, which covers improvements to its runway, main terminals and other facilities.

Mass Rail Transit Concession

MRT-7

In October 2010, SMC acquired a 51% stake in Universal LRT, which holds the 25-year concession for the MRT-7 project, a planned expansion of the Metro Manila mass transit rail system, home to over 10 million inhabitants. MRT-7 is a Build-Gradual Transfer-Operate-Maintain (BGTOM) project for the development, financing, operation and maintenance of a 22-km light rail transit that will be linked with the existing MRT-3 Line at SM North EDSA, Quezon City. The construction period for the project is about 42 months. The rail component of the MRT-7 is envisioned to have 14 stations plus a depot and will operate 108 rail cars in a 3-car train configuration, with capacity of 448,000 to as many as 850,000 passengers daily. The project also includes an Intermodal Transport Terminal that can accommodate up to 60 buses and other public utility vehicles, and a 22-km six-lane access road connecting the Intermodal Transport Terminal to the Bocaue exit of NLEX.

SMC fully acquired 100% stake in Universal LRT, effective July 1, 2016. The MRT-7 project is progressing well, with construction returning to normal levels. Work on sections from Quezon Memorial Circle to Quirino Highway traversing Commonwealth Avenue and Regalado Avenue, is currently ongoing.

The railway project's overall accomplishment as of June 30, 2025 is at 80.76%. Site development and construction of other facilities in the depot are in progress. Realignment of Highway Component after the new location of Station 14 was approved by SJDM and DOTR is also in progress. Approval of DOTR for submitted variation orders is also pending.

Bulacan Bulk Water Supply Project

The Bulacan Bulk Water Supply Project aims to provide clean and potable water to the province of Bulacan that is environmentally sustainable and at a price that is equitable. The project also aims to help various water districts in Bulacan to meet the increasing water demand of consumers, expand its current service area coverage and increase the number of households served by providing a reliable source of treated bulk water.

On December 17, 2015, LCWDC was incorporated as a stock corporation under the laws of the Republic of the Philippines with the primary purpose to finance, design, construct, maintain, and operate water treatment and conveyance facilities. LCWDC and MWSS officially signed the Concession Agreement on January 15, 2016.

SMC through SMHC owns 90% of LCWDC, which will serve as the concessionaire for a period of 30 years (inclusive of the two (2)-year construction period). The construction of the Water Treatment Plant and Pipeline Conveyance Facility for Stages 1 & 2 has been completed. The ongoing system improvement projects for Stages 1 & 2 consist of the construction of the Multi-Purpose Building (Warehouse and Workshop) and the installation of Fiber Optic Network to the existing Remote Terminal Units ("RTUs"). The MWSS Board has approved the updated business plan for Stage 3. The Final DED of Stage 3A-1 (Pipe Conveyance Extension) has also been approved. Procurement activities for Stages 3A-1 (Pipe Conveyance Extension) & Stage 3A-2 (Norzagaray Water System) are also ongoing. Lastly, there is an ongoing Hydrological Study for Stage 3A-3 (Angat-Bustos Water System) and a study and exploration of potential water sources for future demand. ECC was already secured for Stage 3.

Bulakan and Obando Water Companies Acquisition

The acquisition of Bulakan and Obando Water Companies aims to broaden the scope of SMHC's waterworks portfolio and expand its current service coverage. On April 8, 2024, SMC Bulacan Water Services Corporation was incorporated under Philippine laws to carry on the general business of constructing, operating, maintaining, managing, leasing, acquiring & rehabilitating waterworks, industrial water supply systems and water utilities and systems. SMC Bulacan Water Services Corporation is a wholly-owned subsidiary of SMHC.

On October 22, 2024, SMC Bulacan Water Services Corporation, acquired 90% ownership interests in Bulakan Water Company, Inc ("BWCI") and Obando Water Company, Inc. ("OWCI"). BWCI is a joint venture with Bulakan Water District while OWCI is a joint venture with Obando Water District.

Newly-Incorporated Companies

Three new companies were recently incorporated which will engage in various activities that will support the

Infrastructure business, namely Prestige Airport Lounge Corp., Air Gate Media Inc., and SMC Skyport Development Corporation. These companies will conduct and carry on the business of accommodation and food service activities, professional, scientific, and technical activities such as advertising, and real estate activities.

As of June 30, 2025, all three companies are wholly-owned subsidiaries of SMHC.

Ports Concession

Manila North Harbor

MNHPI is the terminal operator of Manila North Harbor, a port facility situated at Tondo, City of Manila. The port can accommodate all types of vessels such as containerized and non-container type vessels. Under the Contract for the Development, Operation and Maintenance of the Manila North Harbor entered with the Philippine Ports Authority on November 19, 2009, the Philippine Ports Authority awarded MNHPI the sole and exclusive right to manage, operate, develop and maintain the Manila North Harbor for 25 years, renewable for another 25 years. MNHPI commenced operations on April 12, 2010.

To ensure fast, efficient, and effective delivery of port services, MNHPI has increased its cargo handling capacity which now boasts of major equipment such as 6-ship-to-shore quay container cranes and 20 rubber-tyred gantry cranes, all part of the plans and programs of MNHPI to transform Manila North Harbor into a premier and modern port.

On October 19, 2013, MNHPI formally inaugurated the North Passenger Terminal Complex, a passenger terminal facility which boasts of facilities designed to provide utmost safety, security and comfort to passengers and is the first of its kind in the Philippines, able to accommodate 2,000 passengers at any given time.

The ownership of SMC in MNHPI through SMHC as of June 30, 2025, is 50.00%.

Competition

SMC is one of the major players in the infrastructure sector holding investments in companies with long term concession agreements with the Philippine government. It is currently managing and operating various infrastructure projects, namely: (1) TPLEX, (2) Skyway Stages 1 to 3, (3) NAIA Expressway, (4) SLEX TR1 to TR4, (5) STAR, (6) MRT7, (7) Boracay Airport, and (8) Manila North Harbor.

The infrastructure sector is a key investment area in the Philippines that is seen to provide a big potential to facilitate the development of other sectors. This has been a priority of the current Philippine government, which has also attracted other conglomerates in the Philippines to enter this sector.

Other major players in this sector include Metro Pacific Investment Corporation operating the following: (1) the NLEX, (2) SCTEX, (3) CAVITEX, (4) the Cavite – Laguna (“**CALAX**”) Expressway, (5) LRT1 Extension and O&M in partnership with Ayala Corporation and (6) Maynilad; and Ayala Corporation, which was awarded the concession for the Daang Hari Expressway, a four-kilometer toll road in Cavite in 2011.

Another major player is the Megawide Construction Corporation (“**Megawide**”). It currently operates the Parañaque Integrated Terminal Exchange (“**PITX**”) and also entered into a joint venture for the construction of the Metro Manila Subway Project (“**Tokyu-Tobishima-Megawide JV**”) and the Malolos-Clark Railway Project (“**HDEC-Megawide-Dongah JV**”). PITX is an intermodal terminal in southwest Metro Manila developed by the MWM Terminals Inc., a consortium led by the Megawide. It serves as a hub with departure and arrival bays for buses, jeepneys, and taxis; and has a maximum daily capacity of 100,000 passengers.

Aboitiz-GMR-Megawide Cebu Airport Corp. (“**AGMCAC**”), a consortium between the Megawide and India’s GMR Group, was formed to develop and operate MCIA for 25 years. Last September 2022, GMCAAC signed a deal with Aboitiz Infracapital, Inc. (“**AIC**”) for the acquisition of MCIA shares. However, in late 2024, AIC has assumed full ownership of AGMCAC after acquisition of Megawide and GMR’s outstanding shares. In addition to the MCIA acquisition deal, AIC, through AGMCAC, has recently signed the concession agreement to update, operate, and maintain the Laguindingan Airport in Misamis Oriental and also has existing unsolicited proposal to develop and operate New Bohol International Airport in Panglao. Apart from working towards the airport business, AIC has several water projects, including the Apo Agua (Davao City Water District), Lima Water Corporation, and minority stake in Balibago Waterworks System.

The Luzon International Premier Airport Development (“**LIPAD**”) Corporation, which consists of Filinvest Development Corporation, JG Summit Holdings Inc., Philippine Airport Ground Support Solutions Inc. and Changi Airports Philippines (I) Pte. Ltd., was formally awarded the operations and management of the Clark International Airport. The new airport was designed to accommodate eight million passengers per year and connects the 9,450-hectare New Clark City. The structure was completed in September 2020 and began its operations last May 2022.

CEMENT BUSINESS

SMC conducts the Cement business through San Miguel Equity Investments Inc., which owns 100% of the common stock of Northern Cement Corporation, Southern Concrete Industries Inc., and 99.96% of Eagle Cement Corporation as of June 30, 2025.

The cement business owns and operates two fully-integrated cement production facilities in Sison, Province of Pangasinan (NCC) and in Barangay Akle, San Ildefonso, Province of Bulacan (Eagle Cement), a cement grinding plant in Santa Cruz, Province of Davao Del Sur (SCII), and a limestone, shale and pozzolan quarry and a Limestone Pulverizing Plant in San Ildefonso, Bulacan (Eagle Cement). As a whole, the cement business has a total annual rated cement production capacity of approximately 17.53 million MTPY of finished cement.

Details of the cement production facilities per business are as follows.

The NCC Plant is strategically located in the Province of Pangasinan that allows it to readily serve key markets in Northern Luzon, specifically in Pangasinan, Ilocos, La Union and the Cordillera Administrative Region. Its location likewise provides a positive outlook on the expansion of its market areas in Regions 2 and 3. These, together with its reliable and established dealership network, provide a significant competitive advantage in the distribution of cement in the key markets in its covered areas.

NCC distributes most of its cement products through its qualified and accredited dealers that transport the cement products from the plant to various destinations. The rest of the cement products are directly delivered to end consumers through bulk carriers managed by NCC. This enables NCC to distribute to the highest value and fastest growing markets, particularly in Northern Luzon.

The end-to-end business model of NCC has enabled it to manage cost and margins in every stage of the cement production and distribution process, allowing for higher efficiency, profitability, and operating synergy.

Eagle Cement is one of the top four largest cement player in the Philippines and owns a large cement plant with three (3) integrated production lines, a grinding plant and a limestone pulverizing plant. It has the largest integrated single plant production capacity in terms of cement output in the Philippines through its primary cement production facility located in Barangay Akle, San Ildefonso, Bulacan. Through the plant and two distribution centers in Cavite and Batangas, it serves 19 distribution areas across five Luzon regions. It is vertically integrated with strategic locations and on-site quarries that provide access to raw material reserves.

As of June 30, 2025, SMC owns 100.00% of SMEII.

Northern Cement Corporation

Northern Cement Corporation, with 100% of its issued and outstanding common stock owned by SMEII, has more than 50 years of cement production and domestic sales experience, mainly, in the Central Luzon (Region 3), and North Luzon (Regions 1 and 2) markets. It manufactures Type 1 and Type 1T cement, the major cement products in the industry.

NCC was incorporated and registered with the SEC on February 10, 1967. NCC is a holder of an MPSA, with MPSA No. 106-98-1, granted by, and executed with, the Philippine Government through the Department of Environment and Natural Resources on March 12, 1998, covering a contract area of 630.4978 hectares within Sison, Pangasinan and has been renewed for another twenty-five years, which will expire on the year 2048. From the commencement of its operations in February 1970 in Sison, Province of Pangasinan, it has been engaged in the business of manufacturing, developing, processing, exploiting, buying and selling cement and/or other allied products.

Presently, it owns and operates an integrated cement manufacturing plant composed of three (3) dry-process rotary kilns and four (4) finish mills, composed of Lines 1 and 2, and the newly constructed Line A and Ok-Mill B. The existing production facility has an overall capacity of 6.93 million MTPY of finished cement, equivalent to 173 million 40-kg bags.

The raw materials used in its cement manufacturing process are generally a mixture of quarried materials – limestone, shale and gypsum.

On June 14, 2021, the SEC approved the merger of NCC and San Miguel Northern Cement, Inc. (“**SMNCI**”), a wholly-owned subsidiary of SMEI which was incorporated and registered with the SEC on October 2, 2017 to engage in the business of manufacturing, developing, processing, exploiting, importing, exporting, buying, selling or otherwise dealing in such goods as cement and other products of similar nature. The effective date of the merger is July 1, 2021, with NCC as the surviving corporation.

Prior to the merger, SMNCI commenced the design, development, and construction of two (2) integrated state-of-the-art cement production lines from crushing to cement packaging (Lines “A” and “B”), adjacent to the existing cement facilities and quarry site of NCC.

With the merger having been approved by the board of directors and stockholders of NCC and SMNCI, respectively, on March 3, 2021, and subsequently by the SEC as aforementioned, the SMNCI project was transferred to NCC. The additional supply of cement produced by the new Line A facilities and OK-Mill B is targeted to meet the strong demand in Northern Luzon (Region 1 and Region 2), the Cordillera Administrative Region (CAR), and Central Luzon (Region 3).

Selected financial highlights for NCC are provided below for the periods indicated:

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(in millions, except percentages)				
	₱	₱	₱	₱	₱
Sales	8,984	9,442	9,011	5,126	4,754
Gross profit.....	570	1,147	2,395	1,376	1,317
Gross profit margin(1).....	6.3%	12.1%	26.6%	26.8%	27.7%
EBITDA(2)	599	1,542	3,030	1,629	1,710
EBITDA margin(3)	6.7%	16.3%	33.6%	31.8%	36.0%
Net income before tax.....	(63)	702	1,866	1,249	931
Net income before tax margin(4)	(0.7%)	7.4%	20.7%	24.4%	19.6%

Notes:

(1) Gross Profit Margin is calculated by sales less cost of sales divided by sales.

(2) EBITDA is calculated as net income before income tax expense, net financing charges (interest income net expense), extraordinary or exceptional items, foreign exchange losses (gains), marked-to-market currency losses (gains), and depreciation and amortization and impairment losses.

(3) EBITDA margin is calculated by EBITDA divided by sales.

(4) Net income before tax margin is calculated by net income before income tax divided by sales

Southern Concrete Industries Inc. (formerly, Oro Cemento Industries Corporation)

Southern Concrete Industries Inc. (formerly, Oro Cemento Industries Corporation) (“**SCII**”), a wholly owned subsidiary of SMEI, was incorporated and registered with the SEC on June 1, 2016 to engage in the business of manufacturing, developing, processing, exploiting, importing, exporting, buying, selling or otherwise dealing in such goods as cement and other goods of similar nature and/or products derived therefrom. SCII has constructed a cement grinding plant in Santa Cruz, Province of Davao del Sur with world-class equipment capable of producing 2 million MTPY of finished cement while minimizing impact to the environment. SCII declared its full commercial operations on May 31, 2023. Prior to its commercial operations, SCII commenced its promotional trial campaign and distribution activities simultaneous with the completion of the commissioning stage of its plant.

Selected financial highlights for SCII are provided below for the periods indicated:

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
(in millions, except percentages)					
	₱	₱	₱	₱	₱
Sales	-	2,421	2,284	1,166	1,153
Gross profit.....	-	12	(61)	(47)	63
Gross profit margin(1).....	-	0.5%	(2.7%)	(4.1%)	5.5%
EBITDA(2)	23	113	148	47	141
EBITDA margin(3)	-	4.7%	6.5%	4.0%	12.2%
Net income before tax.....	30	(501)	(142)	(111)	(11)
Net income before tax margin(4)	-	(20.7%)	(6.2%)	(9.5%)	(0.9%)

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
(in millions, except percentages)					
	₱	₱	₱	₱	₱
Sales		2,421	2,284	1,166	1,153
Gross profit.....		12	(61)	(47)	63
Gross profit margin(1).....		0.5%	(2.7%)	(4.1%)	5.5%
EBITDA(2)	23	113	148	47	141
EBITDA margin(3)		4.7%	6.5%	4.0%	12.2%
Net income before tax.....	30	(501)	(142)	(111)	(11)
Net income before tax margin(4)		(20.7%)	(6.2%)	(9.5%)	(0.9%)

Notes:

(1) Gross Profit Margin is calculated by sales less cost of sales divided by sales.

(2) EBITDA is calculated as net income before income tax expense, net financing charges (interest income net expense), extraordinary or exceptional items, foreign exchange losses (gains), marked-to-market currency losses (gains), and depreciation and amortization and impairment losses.

(3) EBITDA margin is calculated by EBITDA divided by sales.

(4) Net income before tax margin is calculated by net income before income tax divided by sales

Eagle Cement Corporation

Eagle Cement was incorporated in the Philippines and registered with the SEC on June 21, 1995. It was a 60.21%-owned subsidiary of Far East Holdings, Inc., an entity incorporated and domiciled in the Philippines.

On October 4, 2022, the Board of Directors of SMEII approved the acquisition of 99.9581% of Eagle Cement, a Company engaged in the business of manufacturing, marketing, sale and distribution of cement. The acquisition price is ₱22.02 per share.

SMC, through SMEII completed the acquisition of Eagle Cement at the end of December 2022 through an initial 88.5% of the equity interest and tender offer which got 11.46% of the outstanding shares. Post the tender offer, SMC now owns 99.96% of Eagle Cement via wholly owned subsidiary San Miguel Equity Investments Inc.

Eagle Cement is primarily engaged in the business of manufacturing, developing, processing, marketing, sale and distribution of cement, cement products, minerals and other by-products. It is now one of the top four largest players in the Philippine cement industry and has the fastest growing market share amongst all competitors in the industry since it started its commercial operations in 2010.

Eagle Cement has three (3) subsidiaries as follows:

South Western Cement Corporation (SWCC)

SWCC was incorporated in the Philippines on December 26, 1994. Its primary purpose is to engage in manufacturing, marketing, sale and distribution of cement, cement products and by-products. SWCC holds two (2) MPSAs covering mining areas in Malabuyoc, Province of Cebu, granted by the DENR in November 1996. In July 2019, the DENR also granted SWCC a Special Use Agreement in Protected Area for Seaport Facility (covering the Tanon Strait Seascape) located in Malabuyoc, Cebu. The cement business acquired 100% equity interest in SWCC in December 2016. To date, SWCC has not commenced commercial operations.

Solid North Mineral Corporation (SNMC)

SNMC was incorporated in the Philippines on July 19, 1995. Its primary purpose is to engage in mining and quarrying activities, and to manufacture and distribute cement products and other minerals. It was acquired by the cement business on November 4, 2021. SNMC holds Mineral Production Sharing Agreements (MPSA) covering mining areas located in the Province of Bulacan.

SNMC is operating a limestone, shale and pozzolan quarry and a Limestone Pulverizing Plant in San Ildefonso, Bulacan with an annual capacity of one million (1,000,000) MT. Bulk of its production are used as input in the cement business's cement production and are supplied to power companies.

Armstrong Flyash and Logistics Inc. (AFALCI)

Armstrong Fly-ash and Logistics Company, Inc. (AFALCI) was incorporated in the Philippines and registered with SEC on June 2, 2015. AFALCI is engaged in the business of manufacturing, sale and distribution of fly-ash, bottom ash, hi carbon and other by-products.

Eagle Cement has the newest, state-of-the art, and single largest fully-integrated cement production facility in the Philippines located in Barangay Akle, San Ildefonso, Bulacan (the “**Bulacan Cement Plant**”). The Bulacan Cement Plant consists of three (3) integrated production lines with a combined annual cement production capacity of approximately Eight Million Six Hundred Thousand (8,600,000) MT or Two Hundred Fifteen Million (215,000,000) bags per annum. It is strategically located near demand-centric areas and in close proximity to rich limestone and shale reserves covered by the exclusive mineral rights of Eagle Cement.

Eagle Cement promotes the distribution of its high-quality products through strong mass media marketing efforts and grassroots below-the-line activation partnership-building programs with dealers, distributors, and retailers. Through its holistic brand building activities, Eagle Cement continues to enhance its value proposition which develops strong client relationships. The sound credit management framework employed by the cement business ensures a substantially liquid financial position that provides options in short-term financial planning and in long-term capital development strategy.

Selected financial highlights for Eagle Cement are provided below for the periods indicated:

	For the years ended December 31,			For the six months ended June 30,	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	(in millions, except percentages)				
	₱	₱	₱	₱	₱
Sales	26,384	25,443	23,874	12,837	11,965
Gross profit.....	8,247	8,889	7,154	4,366	2,776
Gross profit margin(1).....	31.3%	34.9%	30.0%	34.0%	23.2%
EBITDA(2)	7,013	7,414	5,988	3,566	3,036
EBITDA margin(3)	26.6%	29.1%	25.1%	27.8%	25.4%
Net income before tax.....	6,362	5,391	5,219	3,101	2,398
Net income before tax margin(4)	24.1%	21.2%	21.9%	24.2%	20.0%

Notes:

(1) Gross Profit Margin is calculated by sales less cost of sales divided by sales.

(2) EBITDA is calculated as net income before income tax expense, net financing charges (interest income net expense), extraordinary or exceptional items, foreign exchange losses (gains), marked-to-market currency losses (gains), and depreciation and amortization and impairment losses.

(3) EBITDA margin is calculated by EBITDA divided by sales.

(4) Net income before tax margin is calculated by net income before income tax divided by sales

Strengths and Strategies

Strengths

For the Cement business, it believes that its principal competitive strengths include the following:

Strong player in the cement industry

SMC's cement business (SMEII) is an established reputation in the industry with long experience in cement production and domestic sales. It has a leading and contemporary cement plants with new integrated production line showcasing sustainable, environment-friendly, world-class and state-of-the art equipment capable of producing high quality cement products with comprehensive strength above and beyond the prescribed specifications.

It has a strong market presence and is considered a leading cement player in Luzon with significant growth in other market areas/regions as a result of its improved operations and upgraded production capacity

Fully-integrated manufacturing facility with state-of-the art production lines

The cement business owns and operates two fully-integrated cement production facilities in Sison, Province of Pangasinan (NCC) and in Barangay Akle, San Ildefonso, Province of Bulacan (Eagle Cement), a cement grinding plant Santa Cruz, Province of Davao Del Sur (SCII), a limestone, shale and pozzolan quarry and a Limestone Pulverizing Plant in San Ildefonso, Bulacan (Eagle Cement), and a grinding and packaging facility in Limay, Bataan (Eagle Cement). As a whole, the cement business has a total annual rated cement production capacity of approximately 17.53 million MTPY of finished cement.

Details of the cement production facilities per business are as follows:

Northern Cement Corporation

NCC operates a fully-integrated cement manufacturing plant in Barangay Labayug, Sison, Pangasinan. It owns and operates an integrated cement manufacturing plant composed of three (3) dry-process rotary kilns and four (4) finish mills, composed of Lines 1 and 2 and the newly constructed Line A and Ok-Mill B. Its integrated cement production lines have total annual rated cement production capacity of approximately 6.93 million MTPY of finished cement, equivalent

to 173 million 40-kg bags. Presently, Line A of the new and additional production line is on full commercial operations which further enhance the total capacity of the Pangasinan Plant. Its production facility is located in proximity with its quarry areas that enables it to maintain end-to-end production of cement from raw material sourcing and processing, clinker production, grinding and mixing, to packaging and cargo loading, thereby providing it with significant process, cost, and quality control and more efficient operations.

The production lines utilize state-of-the-art technology in the production of Type 1 and Type 1T cement, the major cement products in the industry. The facilities are regularly checked, maintained and upgraded with the latest machinery to consistently achieve improved operating efficiencies. Constant improvement and rehabilitation of the facilities and manufacturing process ensure a high quality of cement produced in the most efficient manner. The plant also has a post-production facility where cement is stored in silos until such a time that these are sold and delivered to distributors and/or consumers in 40-kilogram bags, tonner bag and in bulk. The plant maintains a total of nine (9) roto packing machine that can accommodate about 324 trucks per day and five (5) bulk and three (3) tonner loading facilities capable of simultaneously loading five (5) bulk carriers and three (3) tonner trucks.

It distributes the majority of its cement products through its qualified and accredited dealers that transport the cement products from the plant to various destinations with no additional outlay for transportation equipment. The rest of the cement products are directly delivered to end consumers through bulk carriers which enables it to distribute to the highest value and fastest growing markets, particularly in Northern Luzon.

The end-to-end production strategy, which seamlessly integrates critical raw material sourcing with modern manufacturing technology resulting in one of the most efficient cement manufacturing operations in the country. It also enables it to manage cost and margins in every stage of the cement production and distribution process, allowing for higher efficiency, profitability, and operating synergy.

NCC owns and operates an integrated cement manufacturing plant in Pangasinan composed of three dry-process rotary kilns and four finish mills. With the completion of third integrated production line and a grinding mill, annual rated capacity of NCC is now at 6.93 million MTPY of finished cement. The raw materials used in its cement manufacturing process are generally a mixture of quarried materials – limestone, shale and gypsum.

On June 14, 2021, the SEC approved the merger of NCC and San Miguel Northern Cement, Inc. ("**SMNCI**"), a wholly-owned subsidiary of SMEI which was incorporated and registered with the SEC on October 2, 2017 to engage in the business of manufacturing, developing, processing, exploiting, importing, exporting, buying, selling or otherwise dealing in such goods as cement and other products of similar nature. The effective date of the merger is July 1, 2021, with NCC as the surviving corporation.

Prior to the merger, SMNCI commenced the design, development, and construction of two (2) integrated state-of-the-art cement production lines from crushing to cement packaging (Lines "A" and "B"), adjacent to the existing cement facilities and quarry site of NCC. The SMNCI project was projected to have an overall capacity of 3.63 million MTPY of clinker and 4.73 million MTPY of finished cement, or 118.3 million 40-kg bags.

With the merger having been approved by the board of directors and stockholders of NCC and SMNCI, respectively, on March 3, 2021, and subsequently by the SEC as aforementioned, the SMNCI project was transferred to NCC. As of June 1, 2023, NCC declared the commencement of commercial operations of Line A.

Eagle Cement Corporation

Eagle Cement is one of the top four largest cement player in the Philippines and owns a large cement plant with three integrated production lines, a grinding plant and a limestone pulverizing plant. It has the largest integrated single plant production capacity in terms of cement output in the Philippines through its primary cement production facility located in Barangay Akle, San Ildefonso, Bulacan. Through the plant and two distribution centers in Cavite and Batangas, it serves 19 distribution areas across five Luzon regions. It is vertically integrated with strategic locations and on-site quarries that provide access to raw material reserves.

Eagle Cement has the newest, state-of-the art, and single largest fully-integrated cement production facility in the Philippines located in Barangay Akle, San Ildefonso, Bulacan (the "**Bulacan Cement Plant**"). The Bulacan Cement Plant consists of three (3) integrated production lines with a combined annual cement production capacity of approximately Eight Million Six Hundred Thousand (8,600,000) Metric Tonnes ("**MT**") or Two Hundred Fifteen Million (215,000,000) bags per annum. It is strategically located near demand-centric areas and in close proximity to rich limestone and shale reserves covered by the exclusive mineral rights of Eagle Cement.

Strategic location of plant and access to vast limestone reserves

Plants are strategically located in the Province of Bulacan and Pangasinan that allows it to readily serve key markets in Luzon. Its location likewise provides a positive outlook on the expansion of its market areas. These, together with its reliable and established dealership network, provide a significant competitive advantage in the distribution of cement in the key markets in its covered areas.

NCC is a holder of an MPSA granting it the rights to a total of 630.4978 hectares of land in Sison, Pangasinan as a source of raw materials for its plant, with an estimated limestone deposit of approximately 730 million MT. The extensive limestone deposits provide ample supply to support the cement business's raw material requirements in the long-term covering both the current operations and expansion plans.

Eagle Cement and its subsidiaries have several MPSA granted by the Philippine Government through the Mines and Geosciences Bureau ("**MGB**") either through direct grant or through deed of assignment.

Competent management, operating and marketing teams with proven track record in the cement industry

Managed by professional management team with extensive experience and highly trained technical and marketing workforce composed of goal-oriented young professionals ensuring the cement business's growth and continued excellence. Its lean organization is responsive and immediately adapts to market changes with a deep knowledge of the operating environment with long standing relationships with customers, suppliers and distributors.

Unique Sales and Marketing Structure

NCC established a customer technical service that provides technical assistance and training to customers in the evaluation of concrete raw materials, mix design preparation, and trial mix through its own Concrete Academy; and conducts on-site compressive and flexural strength testing and aggregates testing in its Mobile Concrete Laboratory, the first in the industry.

The continuous improvement of the cement products is likewise made possible through the establishment of an in-house concrete laboratory duly accredited with the government as part of the cement business's thrust to ensure the quality of its products.

Well positioned for growth opportunities in the infrastructure industry of the country

The Philippine cement market grew by 3.4% compound annual growth rate in a period ten (10) years from 2015 to 2024. The cement market showed a strong recovery in 2021 driven by infrastructure and residential projects after COVID-19 pandemic interrupted the growth pattern of the cement market in 2020. Although overcapacity in neighboring countries lead to cement import surge, local cement market is expected to grow until 2026. The government intends to expand the infrastructure modernization initiatives and implement the new "Build, Better, More" program which includes, among others, transportation infrastructure programs, network development program for the expansion of connectivity and road systems across the country and asset preservation program involving maintenance, rehabilitation and reconstruction.

The integrated cement manufacturing plants, along with the ongoing development and establishment of its additional production lines combined with its annual rated capacity of approximately 17.53 million MTPY of finished cement or 438.25 million bags per annum, will ensure its strong position in the market, taking advantage of this opportunity.

Strategies

Cement Group's principal strategies are set out below:

Increase production capacity and grow distribution channels in key growth areas

Continues to develop and improve the plant operations, production and capacity through innovative technology and measures to ensure increase in supply of cost-efficient cement products. The newly constructed production lines of

SMC cement will ensure a steady supply of cement products that will cater to the existing and new market areas in Northern Luzon, Regions 2 and 3.

With the growing supply of cement products, it will tap on additional qualified dealers to become its partner in reaching out to new market areas and increasing its market coverage.

Expand market presence through development of product portfolio and enhancement of customer proposals

Continue to offer different varieties of fighting brands that are descriptive of the quality of the products and are identifiable with the region or area where the products will be distributed.

Further enhance its products' visibility and value through various brand-building activities that maximizes on social media and other digital media platforms, and still backed by traditional mass media and extensive below-the-line activations and loyalty programs.

Strengthen its partnerships with dealers and distributors through various below-the-line activations and participation in industry-specific events which are aligned with the positioning of its products. To maintain its strong relationships with dealers and distributors, it has established (i) the key accounts group which handle the requirements of the large-scale distributors/dealers and institutional clients; and (ii) loyalty programs that provide incentives to dealers and distributors which achieve a certain order volume within a specific period of time.

Continues to provide efficient and effective technical solutions, support and resources to the customers to establish and gain market trust and continued partnership. It is also strengthening its existing Concrete Academy and Mobile Concrete Laboratory programs to be able to reach more institutional accounts and customers.

Further enhance its compliance and corporate social responsibility programs

Enhance its corporate social responsibility and compliance programs to ensure business continuity. Its ESG initiatives include environment protection and enhancement programs, promotion of innovative and environment-friendly products, programs geared towards strict monitoring and enforcement of regulatory compliances, strengthening of customer technical and mobile laboratory services, social development and management program and extension of Malasakit program to Indigenous Cultural Communities, and employee welfare and development programs that offer continuous holistic personnel development to create a resilient and engaged workforce who fully embrace and live the cement business values, among others.

Production Facilities

Northern Cement Corporation

NCC operates a fully-integrated cement manufacturing plant in Barangay Labayug, Sison, Pangasinan. It owns and operates an integrated cement manufacturing plant composed of three (3) dry-process rotary kilns and four (4) finish mills, composed of Lines 1 and 2, and the newly constructed Line A and Ok-Mill B. Its integrated cement production lines have total annual rated cement production capacity of approximately 6.93 million MTPY of finished cement, equivalent to 173 million 40-kg bags. Its production facility is located in proximity with its quarry areas that enables it to maintain end-to-end production of cement from raw material sourcing and processing, clinker production, grinding and mixing, to packaging and cargo loading, thereby providing it with significant process, cost, and quality control and more efficient operations.

The production lines utilize state-of-the-art technology in the production of Type 1 and Type 1T, cement, the major cement products in the industry. The facilities are regularly checked, maintained and upgraded with the latest machinery to consistently achieve improved operating efficiencies. Constant improvement and rehabilitation of the facilities and manufacturing process ensure a high quality of cement produced in the most efficient manner. The plant also has a post-production facility where cement is stored in silos until such a time that these are sold and delivered to distributors and/or consumers in 40-kilogram bags, tonner bag and in bulk. The plant maintains a total of nine (9) roto packing machine that can accommodate about 324 trucks per day and five (5) bulk and three (3) tonner loading facilities capable of simultaneously loading five (5) bulk carriers and three (3) tonner trucks.

It distributes the majority of its cement products through its qualified and accredited dealers that transport the cement products from the plant to various destinations with no additional outlay for transportation equipment. The rest of the

cement products are directly delivered to end consumers through bulk carriers which enables it to distribute to the highest value and fastest growing markets, particularly in Northern Luzon.

The end-to-end production strategy, which seamlessly integrates critical raw material sourcing with modern manufacturing technology resulting in one of the most efficient cement manufacturing operations in the country. It also enables it to manage cost and margins in every stage of the cement production and distribution process, allowing for higher efficiency, profitability, and operating synergy.

NCC owns and operates an integrated cement manufacturing plant in Pangasinan composed of three dry-process rotary kilns and four finish mills. The existing production facility has an annual rated capacity of 6.93 million MTPY of finished cement. The raw materials used in its cement manufacturing process are generally a mixture of quarried materials – limestone, shale and gypsum.

On June 14, 2021, the SEC approved the merger of NCC and SMNCI, a wholly-owned subsidiary of SMEII which was incorporated and registered with the SEC on October 2, 2017 to engage in the business of manufacturing, developing, processing, exploiting, importing, exporting, buying, selling or otherwise dealing in such goods as cement and other products of similar nature. The effective date of the merger is July 1, 2021, with NCC as the surviving corporation.

Prior to the merger, SMNCI commenced the design, development, and construction of two (2) integrated state-of-the-art cement production lines from crushing to cement packaging (Lines “A” and “B”), adjacent to the existing cement facilities and quarry site of NCC. The SMNCI project is projected to have an overall capacity of 3.63 million MTPY of clinker and 4.73 million MTPY of finished cement, or 118.3 million 40-kg bags.

With the merger having been approved by the board of directors and stockholders of NCC and SMNCI, respectively, on March 3, 2021, and subsequently by the SEC as aforementioned, the SMNCI project was transferred to NCC. As of June 1, 2023, NCC declared the commencement of commercial operations of Line A.

The additional supply of cement is targeted to meet the strong demand in Northern Luzon (Region 1 and Region 2), the Cordillera Administrative Region (CAR), and Central Luzon (Region 3).

The NCC Plant is strategically located in the Province of Pangasinan that allows it to readily serve key markets in Northern Luzon, specifically in Pangasinan, Ilocos, La Union and the Cordillera Administrative Region. Its location likewise provides a positive outlook on the expansion of its market areas in regions 2 and 3. These, together with its reliable and established dealership network, provide a significant competitive advantage in the distribution of cement in the key markets in its covered areas.

Southern Concrete Industries Inc. (formerly, Oro Cemento Industries Corporation)

SCII has constructed a cement grinding plant in Santa Cruz, Province of Davao del Sur with world-class equipment capable of producing 2 million MTPY of finished cement while minimizing impact to the environment. While SCII is in the process of completing the commissioning stage of its plant, it already conducted its promotional trial campaign and distribution activities. SCII declared the commencement of its commercial operations on May 31, 2023.

Eagle Cement Corporation

Eagle Cement is one of the top four largest cement player in the Philippines and owns a large cement plant with 3 integrated production lines, a grinding plant and a limestone pulverizing plant. It has the largest integrated single plant production capacity in terms of cement output in the Philippines through its primary cement production facility located in Barangay Akle, San Ildefonso, Bulacan. Through the plant and two distribution centers in Cavite and Batangas, it serves 19 distribution areas across five Luzon regions. It is vertically integrated with strategic locations and on-site quarries that provide access to raw material reserves.

Eagle Cement has the newest, state-of-the art, and single largest fully-integrated cement production facility in the Philippines located in Barangay Akle, San Ildefonso, Bulacan (the “**Bulacan Cement Plant**”). The Bulacan Cement Plant consists of three (3) integrated production lines with a combined annual cement production capacity of approximately Eight Million Six Hundred Thousand (8,600,000) MT or Two Hundred Fifteen Million (215,000,000) bags per annum. It is strategically located near demand-centric areas and in close proximity to rich limestone and shale reserves covered by the exclusive mineral rights of Eagle Cement.

Eagle Cement, through SNMC, is operating a limestone, shale and pozzolan quarry and a Limestone Pulverizing Plant in San Ildefonso, Bulacan with an annual capacity of one million (1,000,000) MT. Bulk of its production are used as input in the cement business's cement production and are supplied to power companies.

Raw Materials

The cement business obtains its principal raw materials on a competitive basis from various suppliers here and abroad. It is not aware of any dependency upon one or a limited number of suppliers for essential raw materials as it continuously looks for new principals/traders where the strategic raw materials could be sourced out and negotiations are done on a regular basis. It has contracts with various suppliers for varying periods ranging from three to twelve months. All contracts contain renewal options.

Competition

The Group owns leading brands with the highest quality in the industry, substantial market share leads over its nearest competitors, successful pricing strategies, and strong financial position.

NCC's major competitor in its core market area (Region 1 and CAR) is LafargeHolcim Philippines ("LHP"). LHP has a cement production facility located in La Union, a nearby province of Pangasinan where NCC's cement plant is located.

About sixty-three percent (63%) of the country's total cement demand comes from Luzon region. Eagle Cement currently distributes its products in the following areas of the Luzon region: National Capital Region, Region I (La Union, Pangasinan), Region II (Cagayan, Isabela, and Nueva Vizcaya), Region III (Nueva Ecija, Bulacan, Pampanga, Tarlac, Bataan, Zambales, and Aurora), and Region IVA (Cavite, Laguna, Batangas, Rizal, and Quezon). As of 2024, NCR still serves as the center of construction and infrastructure activities in the country. The cement business is considered as one of the leading players in areas with the highest economic activity in the Philippines with an estimated market share of 42% in the combined area of NCR, Region III, and Region IVA, based on internal market survey.

Eagle Cement does not sell its products in other countries. With the foreseen increase in both private and public construction activities, supported by the commitment of the national government towards infrastructure development, there remains a strong positive outlook on the Philippine economy which translates to sustained and impressive growth prospects for the cement industry. The cement business is uniquely well-positioned to capitalize on these market conditions to maintain its robust financial performance through modern production technology, strategic raw material sources, strong brand equity and established customer and dealer relationships.

Health, Safety and Environmental Matters

The nature of the operation of cement businesses entail compliance with several laws and regulations governing protection of the environment - among others, environmental impact assessment, mining standards, air emissions, water use, water and waste water discharges, and management and disposal of solid and hazardous wastes. The cement businesses are compliant with all these laws and has obtained all necessary permits, licenses, and approvals to operate its manufacturing plants.

Eagle Cement and NCC, as (Integrated Management System) companies, are holders of ISO 140001 certificates covering the environmental management system for manufacture and selling of cement products. These certifies that the cement businesses are implementing its respective environmental compliance above and beyond the regulatory standards.

In addition, NCC's Environment Management Policy states, NCC is committed to fulfill compliance obligations to protect the environment where we operate, for the prevention of pollution, sustainable use of resources, mitigation, and adaptation to climate change, and for the protection of biodiversity ecosystems. We endeavor to improve our environmental performance, taking into account the significant aspects and impacts in our business operations, the needs and expectations of our customers, and of relevant interested parties in achieving our environmental objectives and targets. We pursue improvements to our environmental management system in keeping with our corporate values, anchored on our Vision and Mission, in our desire to become a world-class cement company and a true advocate of responsible mining." True to its commitment, the Annual Environmental Protection and Enhance Program of NCC rated an accomplishment rate of 89% in 2022, which is higher than the passing rate of 85%, demonstrating a result exceeding the regulatory standards.

OTHERS

Other investments of SMC include property development and leasing, through San Miguel Properties, Inc., car distributorship through SMC Asia Car Distributors Corp., and Velocità Motors Inc., banking services through BankCom, and insurance through Petrogen Insurance Corporation.

Properties Business

Established in 1990 as the corporate real estate arm of SMC, SMPI is aiming to be one of the major players in the property development sector of the country. SMPI is 99.98% owned by SMC and is primarily engaged in the management, development, sale and lease of the conglomerate's real estate assets.

Moving forward, SMPI is considering to venture into integrated township developments and sustainable tourism projects.

Cavite Projects

SMPI offers a diverse portfolio of mid-range homes in General Trias, Cavite, namely Bel Aldea, Maravilla, and Asian Leaf, offering townhouse units and single attached house-and-lots, with floor areas ranging from 41.75 to 132.00 square meters.

Bel Aldea

Bel Aldea is a 12-hectare development, which serves the economic housing segment, offers smartly designed townhouse units, with an average floor area of 42 square meters.

Maravilla

Spanning 17-hectare, Maravilla is a mid-range residential community located at General Trias, Cavite, offering Spanish Mediterranean houses, which offered new house models to suit the changing needs of the market.

Asian Leaf

Asian Leaf is a seven (7)-hectare premier residential community at the heart of General Trias, Cavite, composed of single attached house and lots, with floor areas ranging from 64.91 to 140.00 square meters. Fusing modern Asian architecture and vibrant landscaping, Asian Leaf is perfect for homeowners looking for a tranquil and ideal haven.

Wedge Woods

Wedge Woods is located west of Sta. Rosa, Laguna - in Silang, Cavite, offering prime lots on a rolling terrain, with a majestic view of Mount Makiling.

Bugsuk Island Resort Development

Located at the southern-most tip of Palawan is the 12,000-hectare Bugsuk Island with a powdery 40-kilometer coastline that intends to be a world-class island resort development with commitment to conserve its natural resources for future generations to enjoy.

Mariveles Economic Zone Project

A 500-hectare industrial park development under the flagship of E-Fare Investment Holdings, Inc., and registered under Authority of the Freeport Area of Bataan. The Mariveles Economic Zone Project intends to provide an attractive location for private investments, stimulate regional economic activity and generate employment opportunities.

Metro Manila Projects

The first project of SMPI is the SMC Head Office Complex, now considered as a landmark, which has served as a catalyst in transforming the area now known as the Ortigas Business District.

SMPI has expanded its portfolio, serving the high-end market with its foray into townhouse developments, such as Dover Hill in San Juan City, One Dover View and Two Dover View in Mandaluyong City, and Emerald 88 in Pasig City, and ventured also in hospitality segment through its Makati Diamond Residences (“MDR”) in Makati City.

Dover Hill

A 95-unit luxury townhouse development in Addition Hills, San Juan City that offers three (3) to five(5)-bedroom units ranging from 202 up to 355 square meters. A three-car parking area located directly below each unit ensures maximum convenience. Aside from its amenities like the swimming pool and playground, within the Dover Hill compound is Dover Club, a five (5)-storey amenity building which includes a fully equipped, state-of-the-art fitness gym, and a party venue with its own kitchen and dining area good for up to 30 guests. Dover Hill also has a swimming pool and playground.

One Dover View and Two Dover View

Both located along Lee St., Mandaluyong, One Dover View and Two Dover View are exclusive and premier condominium-townhouse projects, offering three (3) and four (4) bedrooms, with only 23 and eight (8) units, respectively. Floor areas range from 222.80 to 327.10 square meters.

Emerald 88

Located along Dr. Sixto Avenue, Pasig City, Emerald 88 is a 14 three (3)-level townhouse unit development, with generous floor areas ranging from 187.48 to 216.94 square meters. Each unit has a two (2)-car garage.

Makati Diamond Residences (MDR)

MDR is a luxury serviced apartment with 410 spacious guest rooms ranging from 41 square meters up to as much as 204 square meters and has top-of-the-line amenities and health and wellness facilities. Conveniently located in Makati Central Business District, the location of MDR provides easy access to many multinational companies, shopping, dining and entertainment destinations.

Banking

SMC, through SMPI, made a series of acquisitions of BankCom shares in 2007 and 2008 representing 39.93% ownership interest and additional acquisition of BankCom shares in December 2018, through SMC Equivest Corporation, representing 4.69% ownership interest.

The Company, through SMC Equivest Corporation, made additional equity investments in BankCom in the form of: (i) subscription of ₱5.5 billion preferred shares in August 2021; and (ii) an acquisition of common shares comprising 1.40% of the outstanding common shares of BankCom in October 2021.

On December 23, 2021, the Monetary Board of the Bangko Sentral ng Pilipinas, in its Resolution No. 1798, approved the upgrade of the banking license of BankCom from commercial bank to universal bank, subject to the public offering of its shares and listing the same with the PSE within one (1) year from the date of the grant of the universal banking license. On February 15, 2022, the SEC issued its pre-effective letter relating to the registration of securities of up to 1,403,013,920 common shares of BankCom to be listed and traded in the Main Board of the PSE in relation to its initial public offering (“IPO”).

On February 16, 2022, the PSE approved the application for the listing of up to 1,403,013,920 common shares of BankCom, which includes the 280,602,800 common shares subject of the IPO. On March 15, 2022, the SEC issued its Order rendering effective the registration of up to 1,403,013,920 common shares of BankCom, and the Certification of Permit to Offer Securities for Sale. The 1,403,013,920 common shares of BankCom were listed with the Main Board of the PSE on March 31, 2022. On November 2, 2022, BankCom has been conferred the authority to operate as the latest universal bank in the Philippines.

Bank of Commerce, a universal bank licensed by the Bangko Sentral ng Pilipinas (“BSP”), traces its origins to the Overseas Bank of Manila, established in Binondo, Manila in 1963. In 2008, SMC bought into the Bank and became a major stakeholder through the voting stake of San Miguel Properties, Inc. in the Bank. In December 2020, the Intellectual Property Office (IPO) granted the copyright license for “BankCom” as the Bank’s official short name.

The Bank provides innovative banking solutions and a complete range of products and services in deposit, commercial loans, credit card services, consumer banking, transaction banking, corporate banking, investment banking, treasury, asset management, trust and investments. In terms of service reach, the Bank has retail and corporate online banking facilities, 140 branches and 272 automated teller machines (“**ATMs**”) strategically located nationwide as of June 30, 2025.

Universal Banking License

In November 2022, the Monetary Board of the BSP conferred on the Bank the authority to operate as a universal bank.

With a universal banking license, the Bank will have more opportunities to generate and warehouse interest bearing assets like marketable securities, generate more fee-based income, and manage risk of securities underwritten and held for trading. This will also enable the Bank to enhance its marketing relationship with existing and prospective clients in the large corporate and middle market segments as it will be carrying a broader range of products, from traditional working capital lines and term loans to project finance, initial public offerings, mergers and acquisitions, financial advisory, etc. The latter services are essential to large businesses in planning their expansion programs as a response to the increasing demand brought about by the robust economy.

DESCRIPTION OF PROPERTY

The general asset description and locations of the various plants and farms owned and leased by the SMC Group are included as Appendix “C” of this Offer Supplement.

The properties included in Appendix “C” of this Offer Supplement that are owned by the SMC Group are free of liens and encumbrances.

The properties in Appendix “C” of this Offer Supplement are in good condition, ordinary wear and tear excepted.

The SMC Group is continuously evaluating available properties for sale the cost or details of which cannot be determined at this time.

MANAGEMENT

The overall management and supervision of SMC is undertaken by the board of directors (the “**Board of Directors**”). The executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning SMC’s business operations, financial condition and results of operations for its review.

Board of Directors

Currently, the Board consists of the following members, three (3) of whom are independent directors. The table below sets forth certain information regarding the members of the Board:

Name	Age	Citizenship	Position
Ramon S. Ang	71	Filipino	Chairman and Chief Executive Officer
John Paul L. Ang	45	Filipino	Vice Chairman, President and Chief Operating Officer
Cecile L. Ang	43	Filipino	Director
Aurora T. Calderon	72	Filipino	Director
Joselito D. Campos, Jr.	74	Filipino	Director
Jose C. De Venecia, Jr.	88	Filipino	Director
Ernesto M. Pernia	81	Filipino	Director
Joseph N. Pineda	62	Filipino	Director and Treasurer
Alexander J. Poblador	71	Filipino	Director
Thomas A. Tan	71	Filipino	Director
Bryan U. Villanueva	56	Filipino	Director and Chief Finance Officer
Iñigo U. Zobel	68	Filipino	Director
Douglas L. LuYm	83	Filipino	Independent Director
Felipe M. Medalla	75	Filipino	Independent Director
Margarito B. Teves	82	Filipino	Independent Director

Fifteen (15) members of the Board of Directors were elected during the Annual Stockholders’ Meeting of the Company held on June 10, 2025.

Ramon S. Ang is the Chairman and the Chief Executive Officer since June 11, 2024. He was President and CEO from November 2, 2021 until June 11, 2024. He was the Vice Chairman of the Company from January 28, 1999 until June 11, 2024. He was the President and Chief Operating Officer since March 6, 2002 to November 2, 2021. He has been a member of the Board of Directors of the Company for twenty-six (26) years since 1999. He is the Chairman of the Executive Committee of the Company. He also holds, among others, the following positions in other publicly listed companies: President and Chief Executive Officer of Top Frontier Investment Holdings, Inc. and Petron Corporation; President of Ginebra San Miguel, Inc.; Chairman of the Board of Directors of San Miguel Brewery Hong Kong Limited (listed in the Hong Kong Stock Exchange), and Petron Malaysia Refining & Marketing Bhd. (a company publicly listed in Malaysia) ; and Chairman of the Board of San Miguel Food and Beverage, Inc. He is also the Chairman of the Board of San Miguel Brewery Inc.; Chairman of the Board and Chief Executive Officer, and President and Chief Operating Officer of San Miguel Global Power Holdings Corp.; Chairman of the Board and President of San Miguel Holdings Corp., SMC Tollways Corporation, SMC SLEX, Inc., San Miguel Equity Investments Inc., San Miguel Properties, Inc., and San Miguel Aerocity Inc.; Chairman of the Board and Chief Executive Officer of SMC Asia Car Distributors Corp.; Chairman of the Board of San Miguel Foods, Inc., Eagle Cement Corporation, San Miguel Yamamura Packaging Corporation, Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation, Philippine Diamond Hotel & Resort, Inc., and SEA Refinery Corporation; President and Chief Executive Officer of Northern Cement Corporation. He is also the sole director and

shareholder of Master Year Limited and the Chairman of the Board of Privado Holdings, Corp. He is also a director of Metro Pacific Investments Corp. and New NAIA Infra Corp. He formerly held the following positions: Chairman of the Board of Liberty Telecoms Holdings, Inc. and Cyber Bay Corporation, President and Chief Operating Officer of PAL Holdings, Inc. and Philippine Airlines, Inc.; Director of Air Philippines Corporation; and Vice Chairman of the Board and Director of Manila Electric Company. Mr. Ang has held directorships in various domestic and international subsidiaries of the Company in the last five (5) years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University. As a director of a number of companies including listed companies, Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global and Best Practices on November 15, 2024.

John Paul L. Ang is the Vice Chairman, President and Chief Operating Officer since June 11, 2024. He was elected as a director of the Company on January 21, 2021 and has been a member of the Board of Directors for four (4) years. He is also a Member of the Executive Committee of the Company. Mr. Ang holds directorships in other listed companies namely, Petron Corporation, San Miguel Food and Beverage, Inc., and Top Frontier Investment Holdings, Inc. He is also the President and Chief Executive Officer of San Miguel Food and Beverage Inc. since 2024, Eagle Cement Corporation since 2016, Solid North Mineral Corp., and Southwestern Cement Corporation since 2017. He is the Chairman and President of San Miguel Equity Investments, Inc. He is also the Vice Chairman of San Miguel Global Power Holdings Corp. since 2021. He is also a director of San Miguel Brewery Inc., SMC Tollways Corporation, SMC SLEX Inc., Aerofuel Storage Management Inc., Argonbay Construction Company, Inc., Pacific Nickel Philippines, Inc., Philnico Industrial Corporation, and KB Space Holdings, Inc. He is the President of Armstrong Ash-fly and Logistics Company Inc. Mr. Ang graduated with a degree in Bachelor of Arts Major in Interdisciplinary Studies at the Ateneo de Manila University. As a director of a number of companies including listed companies, Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global and Best Practices on November 15, 2024.

Cecile L. Ang was elected as a Director of the Company on June 10, 2025. She is a Director of Ginebra San Miguel Inc. since May 30, 2024. She is also a Director of SMPI Makati Flagship Realty Corporation, San Roque Hydropower Inc, Armstrong Fly-Ash and Logistics Company, Inc., and Board Advisor of Bank of Commerce. She is the Chairman of San Miguel Foundation Inc and originated the Better World Centers of the San Miguel Foundation. She is also a director in other subsidiaries of the San Miguel Group. She has worked with various companies under the San Miguel Group such as Petron Corporation, Intelligent e-Process Technologies Corp, and San Miguel Foods, Inc. She currently the President of Diamond Hotel Philippines. She obtained her Bachelor of Arts with a degree in European Studies from the Ateneo de Manila University.

Aurora T. Calderon has been a director of the Company since June 10, 2014. She has been a member of the Board of Directors of the Company for eleven (11) years. She is also Senior Vice President and the Senior Executive Assistant to the Chairman and Chief Executive Officer of SMC. She is a member of the Corporate Governance Committee and Sustainability Committee of the Company. She holds the following positions in other publicly listed companies, namely: Director and Treasurer of Top Frontier Investment Holdings, Inc.; and Director of San Miguel Food and Beverage, Inc., Ginebra San Miguel, Inc., Petron Corporation, San Miguel Brewery Hong Kong Limited (listed in the Hong Kong Stock Exchange), and Petron Malaysia Refining & Marketing Bhd. (a company publicly listed in Malaysia). She is also a member of the Board of Directors of San Miguel Global Power Holdings Corp., SMC Tollways Corporation, SMC SLEX, Inc., Petron Marketing Corporation, Petron Freeport Corporation, New Ventures Realty Corporation, Las Lucas Construction and Development Corporation, Thai San Miguel Liquor Company Limited, San Miguel Equity Investments Inc., SMC Asia Car Distributors Corp., San Miguel Yamamura Packaging Corp., and San Miguel Aerocity Inc. She was formerly a Director of PAL Holdings, Inc., Philippine Airlines, Inc., Trustmark Holdings Corporation, Zuma Holdings and Management Corporation, Air Philippines Corporation, and Manila Electric Company. A certified public accountant, Ms. Calderon graduated magna cum laude from the University of the East with a degree in BS Business Administration, major in Accountancy. In addition, Ms. Calderon holds directorships in various SMC domestic and international subsidiaries. As a director of a number of companies including listed companies, Ms. Calderon has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by SGV&Co. on September 26, 2024.

Joselito D. Campos, Jr. has been a Director since May 31, 2010. He has been a member of the Board of Directors of the Company for fifteen (15) years. He is a member of the Related Party Transactions Committee of the Company. He is the Managing Director and Chief Executive Officer of Del Monte Pacific Ltd., President and Chief Executive Officer of Del Monte Philippines, Inc. He is also the Chairman of the Board and Chief Executive Officer of the NutriAsia Group of Companies, Chairman of the Board of Fort Bonifacio Development Corp. and Vice Chairman of the Board of Ayala Greenfield Development Corp. He is also a Director of FieldFresh Foods (P) Ltd. He was the former Chairman of the

Board and Chief Executive Officer of United Laboratories, Inc. and its regional subsidiaries and affiliates. He is also the Honorary Consul in the Philippines for the Republic of Seychelles. He is Chairman of the Metropolitan Museum of Manila and a Trustee of the Asia Society in the Philippines, the Philippines-China Business Council, the Philippine Center for Entrepreneurship and a member of the WWF (World Wildlife Fund) for Nature - Philippines. He graduated with a degree in BS Commerce, Major in International Business from the University of Santa Clara, California and a Masters in Business Administration degree from Cornell University, New York. As a director of a number of companies including listed companies, Mr. Campos has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global and Best Practices on November 15, 2024.

Jose C. De Venecia, Jr. is a Director of the Company since March 16, 2017. He has been a member of the Board of Directors of the Company for eight (8) years. He was former Speaker of the House of Representatives (from 1992 to 1998, and from 2001 to 2008). Before joining politics, he was an international entrepreneur, engaged in the business of port operations in Saudi Arabia, agriculture in Africa, mass housing in Iraq and oil exploration in the United Arab Emirates. He has a Bachelor of Arts degree in Journalism from the Ateneo de Manila University. He completed his secondary education at De La Salle College, Manila. As a director of a number of companies including listed companies, Mr. De Venecia, Jr. has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global and Best Practices on November 10, 2023.

Ernesto M. Pernia was elected as a Director of the Company on August 4, 2022 for almost three (3) years) and is a Member of the Sustainability Committee of the Company. Mr. Pernia was the Secretary of Socioeconomic Planning and Director General of the National Economic and Development Authority of the Philippines from 2016 until 2020. Since 2013, he has served as Professor Emeritus of Economics, University of the Philippines (U.P.), after having been on the faculty of the U.P. School of Economics for several years. He likewise held the position of Economist at the Asian Development Bank from 1999-2003. Mr. Pernia obtained his MA Economics degree from the University of Bridgeport, Connecticut in 1969, his AB Economics degree from the University of San Carlos in 1967, his degree of Bachelor of Theology from the UST Central Seminary in 1965, and his AB in Philosophy degree from the San Carlos Major Seminary (Cebu) in 1963. Mr. Pernia has served as Chairman of the Board of Trustees of the University of San Carlos, and a Director on the board of the Philippine-American Academy of Science and Engineering. He was also a former President of the Philippine Economic Society. Mr. Pernia has most recently attended the training on Corporate Governance conducted by the Center for Global Best Practices on November 15, 2024.

Joseph N. Pineda was elected as a Director of the Company on June 10, 2025. He is the Senior Vice President – Treasurer and Deputy Chief Finance Officer of the Company. Effective June 1, 2021, he was also appointed Head of Treasury of SMC. Effective February 1, 2025, Mr. Pineda was appointed Treasurer of SMC replacing Mr. Constantino. He was formerly Vice President prior to his promotion on July 27, 2010 and has been the Deputy Chief Finance Officer since December 2005. He was previously Special Projects Head of SMC since January 2005. Mr. Pineda has a degree of Bachelor of Arts in Economics from San Beda College and obtained units towards a Masters in Business Administration degree from De La Salle University. In addition, Mr. Pineda holds directorships in various SMC domestic and international subsidiaries. On November 15, 2024, he attended the corporate governance training conducted by Center for Global Best Practices.

Alexander J. Poblador has been a Director of the Company since September 1, 2009 for almost sixteen (16) years and a Member of the Related Party Transactions Committee and Sustainability Committee of the Company. He has been a member of the Board of Directors of the Company for fifteen (15) years. He is the Founding Partner and Chairman of the Executive Committee of Poblador Bautista & Reyes Law Office. Atty. Poblador is a practicing lawyer, specializing in the fields of commercial litigation, international arbitration, real estate finance and project development, bankruptcy and corporate reorganization. He also sits as a member of the Board of Directors of Alpha Aviation Group (Phil), Inc., Alsa Industries, Inc., Delfi Foods Inc., Delfi Marketing Inc., Xytron International, Inc. and B-Light Universal Trading, Inc. He is a graduate of the University of the Philippines with a degree in Bachelor of Laws cum laude, class valedictorian, and Bachelor of Arts in Political Science cum laude. He also holds a Master of Laws degree from the University of Michigan, at Ann Arbor, School of Law (De Witt Fellow). As a director of a number of companies including listed companies, Atty. Poblador has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global Best Practices on November 15, 2024.

Thomas A. Tan was elected as a Director of the Company on June 10, 2025. He was elected as a Director of the Company on June 14, 2012. He has been a member of the Board of Directors of the Company for 10 years until his resignation on July 31, 2022. He is the President and General Manager of SMC Shipping and Lighterage Corporation and its subsidiaries, director of San Miguel Foods, Inc., Aerofuel Storage Management Inc., Jethandler Asia Services Inc.; Chairman of Picanto

de Alta Realty Corp.; Chairman and President of Kyron Landholdings, Inc. and President of Saturn Cement Corporation and Sakomoto International Packaging Corp. He obtained a degree in Bachelor of Science, Major in Physics in 1974 from the Ateneo de Manila University and a Masters in Business Management degree from the Asian Institute of Management in 1976.

Bryan U. Villanueva was elected as a Director of the Company on June 10, 2025. He is the Senior Vice President and Chief Finance Officer of the Company effective February 1, 2025. He was formerly SVP for Special Corporate Projects – Office of the President of SMC since November 2023 and Chief Finance Officer of San Miguel Aerocity Inc., a position which he has held since 2020. He has been a consultant of SMC since 2018. Prior to joining SMC, Mr. Villanueva was the Managing Director, Global Head of Finance Sponsors Coverage at Standard Chartered Bank (Singapore) from 2008 to 2017. He was previously with Framework Capital Corporation (Singapore) as Director from 2006 to 2008, Executive Director at UBS Investment Bank (Hong Kong) from 2002 to 2006 and an Associate at Goldman Sachs (US/Singapore/Hong Kong) from 1998 to 2002. In 1991, he obtained a degree in BS Management Engineering from Ateneo de Manila University. He also has a Masters degree in Business Administration, Major in Finance from Wharton Business School. On November 15, 2024, he attended the corporate governance training conducted by Center for Global Best Practices.

Iñigo U. Zobel has been a Director of the Company since October 2009 and was an Independent Director of the Company from May 5, 1999 until October 2009. He has been a member of the Board of Directors of the Company for twenty-six (26) years. He is a Member of the Executive Committee of the Company. He holds the position of Chairman of the Board of Top Frontier Investment Holdings, Inc. and is a Director of PAL Holdings, Inc., which are both publicly listed companies. He is also the Chairman of the Board and President of Zygnet Prime Holdings Inc.; Chairman of the Board of IZ Investment Holdings, Inc. and E. Zobel, Inc.; Director of E. Zobel Foundation, Inc. Calatagan Golf Club, Inc., Calatagan Bay Realty, Inc., Hacienda Bigaa, Inc., MERMAC, Inc., among others. He was formerly Chairman (2015-2016), Vice Chairman (since 2016) and President (since 2015) of Manila North Harbour Port, Inc., Philippine Airlines, Inc., and President and Chief Operating Officer of Air Philippines Corporation. He was formerly an Independent Director of San Miguel Brewery Inc., San Miguel Pure Foods Company, Inc., San Miguel Properties, Inc., and Ginebra San Miguel, Inc. He attended Santa Barbara College, California, U.S.A. As a director of a number of companies including listed companies, Mr. Zobel has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global Best Practices on November 15, 2024.

Douglas L. Lu Ym was elected as an independent director of the Company on June 10, 2025. Mr. Lu Ym is currently the President of Far East Corn Refining Co., and Associated Brokerage System, Inc. He is Chairman of Magna Holding, Inc. and Chairman and President of Lu Do & Lu Ym Corp. He is a Director, Treasurer and Executive Vice President of Mactan Electric Company, Inc. He earned a degree in Business Administration from the Sta. Clara University, California in 1964.

Felipe M. Medalla was elected as an Independent Director of the Company on August 8, 2024. He was the Governor and Chairman of the Monetary Board of the Bangko Sentral ng Pilipinas from July 1, 2022 to July 2, 2023. He was a member of the Monetary Board from 2011 to 2022. He was the Secretary of the Socio-Economic Planning and Director General of the National Economic and Development Authority from 1998 to 2001. Prior to being a member of the Monetary Board, he spent 35 years as a member of the academe. He was Dean of the School of Economics at the University of the Philippines – Diliman from 1994 to 1998, where he was also a professor from 1991 to 2011, and an Instructor, Assistant Professor and Associate Professor from 1976 to 1991. Dr. Medalla obtained his PhD degree in Economics from the Northwestern University, Evanston Illinois, USA in 1983. He earned his MA Economics degree from the University of the Philippines in 1976, and his AB-BSC (Economics-Accounting) degree cum laude from De La Salle University in 1970. Mr. Medalla attended the training conducted by Center for Global Best Practices on November 15, 2024.

Margarito B. Teves was elected as an Independent Director of the Company on June 14, 2012 and is the Chairman of the Audit and Risk Oversight Committee and a Member of the Corporate Governance Committee and Related Party Transactions Committee of the Company. He has been a member of the Board of Directors of the Company for thirteen (13) years. He is also an Independent Director of Petron Corporation, a publicly listed company, SMC Tollways Corporation (formerly, Atlantic Aurum Investments Philippine Corporation), AB Capital Investment Corp., Alphaland Corporation, Alphaland Balesin Island Club, Inc., Alphaland Corporation, The City Club at Alphaland Makati Place, Inc., and Atok-Big Wedge Corporation. He is also the Managing Director of The Wallace Business Forum and Chairman of the Board of Think Tank Inc. and a director of Pampanga Sugar Development Co. He was Secretary of the Department of Finance of the Philippine government from 2005 to 2010, and was previously President and Chief Executive Officer of the Land Bank of the Philippines from 2000 to 2005, among others. He holds a Master of Arts in Development Economics from the Center for Development Economics, Williams College, Massachusetts and is a graduate of the City of London

College, with a degree of Higher National Diploma in Business Studies which is equivalent to a Bachelor of Science in Business Economics. As a director of a number of companies including listed companies, Mr. Teves has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by SGV & Co. on September 26, 2024.

Senior Management

The table below sets forth the executive officers of the SMC Group as of the date of this Offer Supplement.

Name	Age	Citizenship	Position
Virgilio S. Jacinto	69	Filipino	Senior Vice President, General Counsel, Corporate Secretary and Compliance Officer
Joseph N. Pineda	62	Filipino	Senior Vice President – Deputy Chief Finance Officer and Treasurer
Aurora T. Calderon	70	Filipino	Senior Vice President and Senior Executive Assistant to the Chairman and Chief Executive Officer
Lorenzo G. Formoso III	64	Filipino	Senior Vice President and Head of SMC Infrastructure Business
Cecile Caroline U. De Ocampo	60	Filipino	Senior Vice President and Head of Corporate Mergers and Acquisitions
Bryan U. Villanueva	56	Filipino	Senior Vice President – Chief Finance Officer
Bella O. Navarra	65	Filipino	Senior Vice President and Comptroller
Susan Y. Yu	49	Filipino	Senior Vice President - Head of Corporate Procurement

Virgilio S. Jacinto is the Senior Vice President - Corporate Secretary, General Counsel, and Compliance Officer of SMC (since October 2010). He is also the Corporate Secretary and Compliance Officer of Top Frontier Investment Holdings, Inc. and Corporate Secretary of Ginebra San Miguel, Inc. and other subsidiaries and affiliates of SMC. He is a Director of Petron Corporation. He was formerly the Vice President and First Deputy General Counsel from 2006 to 2010 and appointed as SMC General Counsel in 2010. He was Director and Corporate Secretary of United Coconut Planters Bank, Partner at Villareal Law Offices and Associate at SyCip, Salazar, Feliciano & Hernandez Law Office. Atty. Jacinto is an Associate Professor at the University of the Philippines, College of Law. He obtained his law degree from the University of the Philippines cum laude where he was the class salutatorian and placed sixth in the 1981 bar examinations. He holds a Master of Laws degree from Harvard Law School. He holds various directorships in various local and offshore subsidiaries of SMC. On September 26, 2024, he attended the corporate governance training conducted by SGV & Co.

Lorenzo G. Formoso III is the Senior Vice President and Head of SMC Infrastructure Business. Atty. Formoso holds various directorships in various local and offshore subsidiaries of SMC. He is a member of the Board of Directors of SMC SLEX, Inc., SMC Mass Rail Transit Inc., SMC Skyway Corporation, SMC Skyway Stage 3 Corporation, SMC TPLEX Corporation, Trans Aire Development Holdings Corp., Previously, he was a consultant of the Company for Infrastructure and Transportation from July 2009 to August 2010. He was previously Assistant Secretary of the Department of Transportation and Communication of the Philippine Government from September 2006 to June 2009 and Deputy Commissioner of the Commission on Information and Communications Technology. He obtained his Juris Doctor degree from University of California, Davis School of Law and a degree in Bachelor of Arts in Philosophy from the University of the Philippines. Atty. Formoso is a director in various SMC subsidiaries. On November 15, 2024, he attended the corporate governance training conducted by Center for Global Best Practices.

Cecile Caroline U. De Ocampo is the Senior Vice President and Head of Corporate Mergers and Acquisitions of SMC. She has been the head of Corporate Mergers and Acquisitions since 2016. She has been an officer of the Company since 2002 as Assistant Vice President for Planning and Project Development, and later as Vice President in 2007. She was Planning and Product Development Manager of the Company since 2002. She has been with the Company in various positions since 1990 and has been with Corporate Planning and Development since 2002 until 2007. She is a graduate

of Ateneo de Manila University with a degree in BS Management Engineering. On November 15, 2024, she attended the corporate governance training conducted by Center for Global Best Practices.

Bella O. Navarra is the Senior Vice President and Comptroller of the Company. Ms. Navarra holds various directorships in various local and offshore subsidiaries of SMC. Since 2000, Ms. Navarra was VP and Comptrollership Manager of the Company. Prior to joining SMC, Ms. Navarra was Vice President – Office of the Treasurer at SGV & Company from 1989 to 2000. She was also audit manager at PCI Bank from 1980 to 1989. She graduated with a degree in BS Accounting from the University of the East. On November 15, 2024, she attended the corporate governance training conducted by Center for Global Best Practices.

Susan Y. Yu is the Senior Vice President of the Company and Head of Corporate Procurement. Ms. Susan Yu holds various directorships in various local and offshore subsidiaries of SMC. Prior to this appointment, Ms. Susan Yu was Vice President for Special Projects at Petron Corporation from January to February 2024, and Vice President, Senior Procurement Manager at Petron Corporation from April 2009 to December 2023. She was also AVP and Senior Procurement Manager at San Miguel Brewery Inc from March 2008 to March 2009, AVP and Senior Procurement Manager at CSU from 2006 to 2008 and was at CSU Corporate Procurement from 2003 to 2006. She was Fuel Purchasing and Risk Management Manager at Philippine Airlines from 1997 to 2003. She graduated with a degree in BS Management from De La Salle University and has an MBA from Ateneo de Manila University. On September 26, 2024, she attended the corporate governance training conducted by SGV&Co.

Committees of the Board of Directors

The Company's Board of Directors appoints directors to the five (5) Board committees set forth below. Each member of the respective committees named below holds office as of the date of this Offer Supplement and will serve until his successor is elected and qualified. The five (5) committees are: (i) the Executive Committee; (ii) the Audit and Risk Oversight Committee; (iii) the Related Party Transactions Committee; (iv) the Corporate Governance Committee; and (v) the Sustainability Committee. The attendance of a majority of its members will constitute a quorum for the committee to transact business. The committee will act only on the affirmative vote of at least a majority of the members present at a meeting at which there is a quorum.

Executive Committee

The Executive Committee is tasked to help and assist the officers in the management and direction of the affairs of the Company. It acts within the powers and authority granted upon it by the Board and is called upon when the Board is not in session to exercise the powers of the latter in the management of the Company, with the exception of the power to appoint any entity as general managers or management or technical consultants, to guarantee obligations of other corporations in which the Company has lawful interest, to appoint trustees who, for the benefit of the Company, may receive and retain such properties of the Company or entities in which it has interests, and to perform such acts as may be necessary to transfer ownership of such properties to trustees of the Company, and such other powers as may be specifically limited by the Board or by law.

The Executive Committee is currently composed of five (5) directors that includes the President. The Chairman of the Executive Committee is the Chairman, Mr. Ramon S. Ang. The members of the committee are Messrs. John Paul L. Ang, Douglas L. LuYm, Iñigo U. Zobel and Ms. Aurora T. Calderon.

Audit and Risk Oversight Committee

The Audit and Risk Oversight Committee is responsible for assisting the Board in the performance of its oversight responsibility on financial reports and financial reporting process, internal control system, audit process and plans, directly interfacing with internal and external auditors, and in monitoring and facilitating compliance with both the internal financial management manual and pertinent accounting standards, including regulatory requirements, elevating to international standards the accounting and auditing processes, practices and methodologies of the Company. The committee performs financial oversight management functions, specifically in the areas of credit management, markets liquidity, operational, legal and other risks, as well as crisis management. The Audit and Risk Oversight committee has primary responsibility for recommending the appointment and removal of the Company's external auditor. Presently, the Company's external auditor is R.G. Manabat & Co.

The Audit and Risk Oversight Committee is composed of five (5) members, three (3) of whom are non-executive and independent directors. All committee members have relevant background, knowledge, skills or experience in the areas

of accounting, auditing and finance. The members of the committee are Mr. Felipe M. Medalla (Independent), Mr. Douglas L. LuYm (Independent), Ms. Aurora T. Calderon, and Mr. Ernesto M. Pernia. The chairperson of the Audit Committee is Mr. Margarito B. Teves (Independent).

Related Party Transactions Committee

The Related Party Transactions Committee is tasked to review all material related party transactions (“RPTs”) of the Company to make certain that these are entered into, as a matter of policy, on an arms-length basis and at market rates. It shall evaluate existing relations between and among businesses and counterparties to ensure the identification of all related parties, including changes in relationships of counterparties, and that RPTs are monitored. The committee is responsible for ensuring that appropriate disclosures are made relating to the Company’s RPT exposures and policies on conflict of interest. It shall also oversee the periodic review of RPT policies and procedures.

The Related Party Transactions Committee is composed of five (5) members. The members of the committee are Messrs. Margarito B. Teves (Independent), Douglas L. LuYm (Independent), Aurora T. Calderon and Alexander J. Poblador. The Chairman of the Related Party Transactions Committee is Mr. Felipe M. Medalla (Independent).

Corporate Governance Committee

The Corporate Governance Committee is tasked to ensure the Company’s compliance and proper observance of corporate governance principles and practices. It oversees the implementation of the Company’s corporate governance framework and the performance evaluation of the Board and its committees, as well as top management, to ensure that management’s performance is at par with the standards set by the Board. The committee advises the Board on the establishment of a formal and transparent procedure for developing policy on remuneration of directors and senior management that is aligned with the long-term interests of the Company, ensuring that compensation is consistent with the Company’s culture and strategy, as well as the business environment in which it operates. It likewise reviews and oversees the implementation of policies relating to business interest disclosures and conflict of interest, appointments and promotions of officers, and succession planning. Further, the committee determines the nomination and election process for the Company’s Board of Directors, and screens and shortlists candidates to the Board in accordance with the qualifications and disqualifications for directors defined in the Company’s by-laws, Manual on Corporate Governance, and applicable laws and regulations.

The Corporate Governance Committee is composed of five (5) directors of the Company, three (3) of whom are Independent Directors. The Corporate Governance Committee chairperson is Mr. Felipe M. Medalla (Independent). The members of the committee are Messrs. Margarito B. Teves (Independent), Douglas L. LuYm (Independent), Aurora T. Calderon and Alexander J. Poblador.

Sustainability Committee

The Sustainability Committee is tasked to assist the Board in fulfilling its oversight responsibilities in relation to the objectives, policies, and practices of the Company pertaining to sustainability. The main functions and duties of the Sustainability Committee include the following: review the effectiveness of the strategies, policies, principles, and practices of the Company pertaining to sustainability and operational excellence, as a Group; provide oversight and input to management to ensure that the strategies, goals, and principles of the Group pertaining to sustainability and operational excellence (i.e., pertaining to the environment, employees, and communities in which it operates) are aligned with, promote, and encourage its commitment toward sustainability; advise on the Sustainability Report prior to reporting to the Board; review issues relating to sustainability arising from independent audits and assurance reports, as well as any matters highlighted by the consultants; consider and recommend to the Board positioning on relevant emerging sustainability issues; provide the Board with assurance of the quality and technical content of the sustainability information used by the Board, and of the sustainability information issued publicly by the Group; oversee the stakeholder dialogue process and its outcomes that address social and environmental matters regarding the strategic sustainability goals; and oversight of the Corporate Sustainability Office, among others.

The Sustainability Committee is composed of five (5) directors of the Company. The Sustainability Committee chairperson is Mr. Douglas L. LuYm (Independent). The members of the committee are Ms. Cecile L. Ang, Ms. Aurora T. Calderon, Messrs. Felipe M. Medalla (Independent), and Margarito B. Teves (Independent).

Corporate Governance

The Company recognizes that good governance helps the business to deliver strategy, generate and sustain shareholder value, and safeguard shareholders' rights and interests. The Company's Board of Directors, management and employees adhere to the highest standards of corporate governance as a vital component of sound business management.

The Company's Board of Directors, led by Vice Chairman Ramon S. Ang, believes in conducting the business affairs of the Company in a fair and transparent manner and in maintaining the highest ethical standards in all the Company's business dealings.

Manual on Corporate Governance

The first Manual on Corporate Governance of the Company was approved by the Board of Directors on June 27, 2002. On May 10, 2017, the Board of Directors approved a new Manual on Corporate Governance (the "**Manual**") to align with the Code of Corporate Governance for Publicly-Listed Companies issued by the SEC under SEC Memorandum Circular No. 19, series of 2016. The Manual is available for examination in the Company's corporate website at https://www.sanmiguel.com.ph/storage/files/reports/SMC_Amended_Manual_on_Corporate_Governance_05.10.17-Final_.pdf

The evaluation by the Company to measure and determine the level of compliance of the Board of Directors and top-level management with its Manual is vested by the Board of Directors on the compliance officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the Manual. The Compliance Officer has certified that the Company has substantially adopted all the provisions of the Manual.

Pursuant to its commitment to good governance and business practice, the Company continues to review and strengthen its policies and procedures, giving due consideration to developments in the area of corporate governance which it determines to be in the best interests of the Company and its stockholders. On April 14, 2010, the Board of Directors amended the Manual pursuant to the Revised Code of Corporate Governance issued by the SEC under its Memorandum Circular No. 6, series of 2009. On March 27, 2014, the Board of Directors approved further amendments to the Manual to reflect the requirements of the SEC on the annual training requirement of directors and key officers of the Company, and the requirements on the reporting of compliance with the Manual. On May 10, 2017, the Company amended the Manual on Corporate Governance in compliance with the regulations of the SEC Memorandum Circular No. 19, Series of 2016 which adopted the Code of Corporate Governance for Publicly Listed Companies.

There are no such material deviations from the Company's Manual of Corporate Governance for which a satisfactory explanation was not offered.

Amendments to the By-laws of the Company

On July 3, 2025, the Board of Directors approved the amendment of various provisions of the By-laws of the Company:

1. Section 2, Article II - Change in the relevant date of sending of notices of the regular stockholders meeting from at least ten (10) days prior to the date of the meeting to at least 21 calendar days prior to the date of the meeting.
2. Section 1, Article II - Change the percentage threshold for the stockholders to request to call a meeting from majority of the subscribed capital stock to at least ten percent (10%) of the subscribed capital stock.
3. Section 1-A(a), Article III - Change in the number of independent directors from two (2) to three (3).
4. Section 6, Article III - Change in the notice of regular and special board meetings from no notice requirement for regular meetings and twenty four hours prior notice for special meetings to two (2) days prior to the scheduled meetings.
5. Section 10, Article III - Provides for the additional requirement of securing the approval of the stockholders of the Corporation for the payment of the compensation of the members of the Board of Directors.

The amendments were made to align and conform with the provisions of the Revised Corporation Code.

Compliance and Monitoring System

To ensure adherence to corporate governance principles and best practices, the Board of Directors has appointed a Compliance Officer for the Company, Atty. Virgilio S. Jacinto. The Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of the Manual, as may be amended from time to

time, applicable laws and the rules and regulations of the relevant regulatory agencies. The Compliance Officer holds the position of Senior Vice President and has direct reporting responsibilities to the Chairman of the Board.

In the regular board meeting held on August 10, 2017, the Board approved the adoption by the Corporate Governance Committee, and the Related Party Transactions Committee of their respective Charters, as reviewed and endorsed by each Committee. The approval of the adoption by the Audit and Risk Oversight Committee of its Charter was approved by the Board on August 13, 2012 upon the endorsement of the Audit Committee. The Charters of the Audit and Risk Oversight Committee, the Corporate Governance Committee, and the Related Party Transactions Committee each outline the purpose, membership and qualifications, structure and operations, duties and responsibilities, reporting process and performance evaluation of the said Board Committees, and the procedures which shall guide the conduct of its functions, to ensure adherence by the Company to the best practices of good corporate governance. The full texts of said Charters may be viewed at the Company's corporate website at <https://www.sanmiguel.com.ph/corporate/corporate-governance/companys-policies>.

The Company submits its Integrated Annual Corporate Governance Reports (I-ACGR) in accordance with SEC Memorandum Circular No. 15, series of 2017. Such I-ACGRs are posted in the Company's corporate website at <https://www.sanmiguel.com.ph/disclosures/annual-corporate-governance-report-acgr> for the guidance of the investing public.

The Company encourages its directors and officers to attend continuous professional education programs.

The Company organizes an annual seminar or program on Corporate Governance for directors and key officers, in accordance with SEC regulations.

The Company continues to review and strengthen its policies and procedures on corporate governance, giving due consideration to developments in the area of corporate governance, which it determines to be in the best interests of the Company and its stockholders.

Shareholder and Investor Relations

The Company responds to information request from the investing community and keeps shareholders informed through timely disclosures to the PSE and SEC, annual shareholders meeting, investors briefing and conferences, the website of the Company and responses to email and telephone queries. The disclosures of the Company and other filings with the PSE and SEC are available for viewing and download from the website of the Company.

The Company through the Investor Relations Group under Corporate Finance holds regular briefings and meetings with investment and financial analysts.

Family Relationships

Mr. John Paul L. Ang and Ms. Cecile L. Ang are the children of Mr. Ramon S. Ang. There are no other family relationships up to the fourth civil degree either by consanguinity or affinity among the Company's directors, executive officers or persons nominated or chosen by the Company to become its directors or executive officers.

Involvement in Certain Legal Proceedings

Save for the pending cases in the ordinary course of business of the Company and its subsidiaries and affiliates, and their clients, where they are impleaded as executive officer and/or director or counsel, none of the directors, executive officers or control persons of the Company have been the subject of any (a) bankruptcy petition, (b) conviction by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, (c) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, which has not been reversed, suspended or vacated, for the past five (5) years up to the date that is material to the evaluation of his or her ability or integrity to hold the relevant position in the Company.

Compensation of Directors and Executive Officers

The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer and four (4) senior executive officers of the Company are as follows:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
Total Compensation of the Chief Executive Officer and Senior Executive Officers ¹²	2025 (estimated)	₱226.6 million	₱68.0 million	₱4.7 million	₱299.3 million
	2024	₱162.8 million	₱149.2 million	₱23.7 million	₱335.7 million
	2023	₱184.8 million	₱49.7 million	₱28.3 million	₱262.8 million
All other officers and directors as a group unnamed	2025 (estimated)	₱375.5 million	₱112.9 million	₱78.7 million	₱567.1 million
	2024	₱354.7 million	₱126.7 million	₱76.4 million	₱557.8 million
	2023	₱265.7 million	₱80.6 million	₱62.6 million	₱408.9 million
Total	2025 (estimated)	₱602.1 million	₱180.9 million	₱83.4 million	₱866.4 million
	2024	₱517.5 million	₱275.9 million	₱100.1 million	₱893.5 million
	2023	₱450.5 million	₱130.3 million	₱90.9 million	₱671.7 million

The following are the directors' fees received by the directors, and the respective per diems for 2024 received for their attendance in Board and Committee meetings:

<u>Name of Director</u>	<u>Total Per Diems</u>	<u>Directors' Fees</u>	<u>Total</u>
1. Ramon S. Ang	₱400,000.00	₱4,826,031.70	₱5,226,031.70
2. John Paul L. Ang	₱400,000.00	₱4,826,031.70	₱5,226,031.70
3. Aurora T. Calderon	₱500,000.00	₱4,826,031.70	₱5,326,031.70
4. Joselito D. Campos, Jr.	₱420,000.00	₱4,826,031.70	₱5,246,031.70
5. Teresita L. De Castro	₱540,000.00	₱4,826,031.70	₱5,366,031.70
6. Jose C. De Venecia, Jr.	₱400,000.00	₱4,826,031.70	₱5,226,031.70
7. Menardo R. Jimenez	₱390,000.00	₱4,826,031.70	₱5,216,031.70
8. Felipe M. Medalla	₱150,000.00	-	₱150,000.00
9. Estelito P. Mendoza	₱460,000.00	₱4,826,031.70	₱5,286,031.70
10. Diosdado M. Peralta	₱580,000.00	₱4,826,031.70	₱5,406,031.70
11. Ernesto D. Pernia	₱440,000.00	₱4,826,031.70	₱5,266,031.78
12. Alexander J. Poblador	₱460,000.00	₱4,826,031.70	₱5,286,031.70
13. Reynato S. Puno	₱560,000.00	₱4,826,031.70	₱5,386,031.70
14. Margarito B. Teves	₱560,000.00	₱4,826,031.70	₱5,386,031.70
15. Ramon F. Villavicencio	₱400,000.00	₱4,826,031.70	₱5,226,031.70
16. Inigo U. Zobel	₱400,000.00	₱4,826,031.70	₱5,226,031.70
TOTAL	₱7,060,000.00	₱72,390,475.50	₱79,450,475.50

Section 10 of the Amended By-laws of the Company provides that the Board of Directors shall receive as compensation no more than 2% of the profits obtained during the year after deducting therefrom general expenses, remuneration to officers and employees, depreciation on buildings, machineries, transportation units, furniture and other properties. Such compensation shall be apportioned among the directors in such manner as the Board deems proper. The Company provides each director with reasonable per diem of ₱50,000 and ₱20,000 for each Board and Committee meeting attended, respectively. In 2024 and 2023, the members of the Board of Directors of the Company were paid an aggregate amount of ₱79.45 million and ₱78.03 million, respectively..

There were no employment contracts between the Company and a named executive officer. There were neither compensatory plans nor arrangements with respect to a named executive officer.

Other Arrangements

¹² The Chief Executive Officer and senior executive officers of the Company for 2025 are Ramon S. Ang, John Paul L. Ang, Aurora T. Calderon, Virgilio S. Jacinto and Bryan U. Villanueva. The Chief Executive Officer and senior executive officers of the Company for 2024 are Ramon S. Ang, John Paul L. Ang, Ferdinand K. Constantino, Aurora T. Calderon, and Virgilio S. Jacinto. The Chief Executive Officer and senior executive officers of the Company for 2023 are Ramon S. Ang, Ferdinand K. Constantino, Aurora T. Calderon, Virgilio S. Jacinto and Joseph N. Pineda

There are no other arrangements for which the directors are compensated by the Company for services other than those provided as a director.

Employment Contract

In lieu of an employment contract, the directors are elected at the annual meeting of stockholders for a one (1) year term. Any director elected in the interim will serve for the remaining term until the next annual meeting.

Warrants or Options

There are no outstanding warrants or options held by the Company's President, named executive officers and all directors and officers as a group.

OWNERSHIP AND CAPITALIZATION

Share Capital

As of June 30, 2025, the Company had the following outstanding capital stock:

Title of Each Class	Number of Shares of Common and Preferred Stock Outstanding as of June 30, 2025	
Common Shares	2,383,896,588	
SUB-TOTAL (Common Shares)		2,383,896,588
Series "2-F" Preferred Shares*	223,333,500	
Series "2-I" Preferred Shares	169,333,400	
Series "2-J" Preferred Shares**	266,666,667	
Series "2-K" Preferred Shares***	183,904,900	
Series "2-L" Preferred Shares	165,358,600	
Series "2-M" Preferred Shares	173,333,325	
Series "2-N" Preferred Shares	100,115,100	
Series "2-O" Preferred Shares	187,859,700	
SUB-TOTAL (Preferred Shares)		<u>1,469,905,192</u>
TOTAL Outstanding Shares		3,853,801,780

* As of September 22, 2025, all of the Series 2F Preferred Shares have been redeemed.

** As of October 10, 2025, [] Series 2J Preferred Shares have been tendered to the Company to be exchanged for any one of the Series 2P, 2Q, and 2R Preferred Shares. Any remaining 2J Preferred Shares which have not been exchanged shall be redeemed on October 29, 2025.

*** As of October 10, 2025, [] Series 2K Preferred Shares have been tendered to the Company to be exchanged for any one of the Series 2P, 2Q, and 2R Preferred Shares. Any remaining 2K Preferred Shares which have not been exchanged shall be redeemed on December 10, 2025.

List of Top 20 Stockholders

The top 20 common and preferred stockholders of the Company as of June 30, 2025 are as follows:

	Stockholder Name	Common	Preferred S2	Total Shares	% Total Outstanding Capital Stock
1	Top Frontier Investment Holdings, Inc.	1,424,111,661	0	1,424,111,661	<u>36.95%</u>
2	PCD Nominee Corporation (Filipino)	311,725,574	1,048,845,262	1,360,570,836	35.30%
3	Privado Holdings, Corp.	368,140,516	0	368,140,516	<u>9.55%</u>
4	Government Service Insurance System	0	133,333,330	133,333,330	3.46%
5	PCD Nominee Corporation (Non- Filipino)	100,145,262	9,018,975	109,164,237	2.83%
6	Social Security System	0	52,461,833	52,461,833	<u>1.36%</u>
7	Republic of the Philippines	27,636,339	0	27,636,339	<u>0.72%</u>
8	SGOC Holdings Corporation	1,512,895	25,955,500	27,468,395	0.71%
9	San Miguel Brewery Inc. Retirement Plan	0	20,153,700	20,153,700	0.52%
10	Social Security System Assigned to Mandatory Provident Fund	0	17,999,999	17,999,999	0.47%

1 1 .	LOCC Holdings Corporation	0	17,774,875	17,774,875	<u>0.46%</u>
1 2 .	Tincobar Holdings Corporation	0	17,774,875	17,774,875	<u>0.46%</u>
1 3 .	Saint Bruno Holdings Corporation	0	17,774,875	17,774,875	<u>0.46%</u>
1 4 .	CCJ Holdings Corporation	0	17,774,875	17,774,875	<u>0.47%</u>
1 5 .	Petron Corporation Employees' Retirement Plan	14,250,900	0	14,250,900	0.37%
1 6 .	The Insular Life Assurance Company Ltd.	0	13,333,330	13,333,330	0.35%
1 7 .	Greater Reunion Holdings Inc.	0	11,785,250	11,785,250	<u>0.31%</u>
1 8 .	Millennium Energy, Inc.	10,807,380	0	10,807,380	0.28%
1 9 .	San Miguel Corporation Retirement Plan FIP	0	8,233,400	8,233,400	<u>0.21%</u>
2 0 .	Sysmart Corporation	5,100,607	0	5,100,607	<u>0.13%</u>
	TOTAL	<u>2,263,431,134</u>	<u>1,412,220,079</u>	<u>3,675,651,213</u>	<u>95.38%</u>

Foreign Ownership by Nationality as of June 30, 2025

Nationality	SMC-Common	SMC2F	SMC2I	SMC2J	SMC2K	SMC2L	SMC2M	SMC2N	SMC2O
American	668	-	-	-	-	-	-	-	-
Australian	25	-	-	-	-	-	-	-	-
Austrian	2	1	-	-	-	-	-	-	-
Belgian	1	-	-	-	-	-	-	-	-
British	39	-	-	-	-	-	-	-	-
Canadian	50	1	-	-	-	-	-	-	-
Chinese	426	2	1	-	-	-	-	-	-
Chinese/Hong Kong	2	-	-	-	-	-	-	-	-
Danish	6	-	-	-	-	-	-	-	-
Dutch	3	-	-	-	-	-	-	-	-
Filipino	31,643	125	99	48	18	27	5	39	38
French	4	-	-	-	-	-	-	-	-
German	19	-	-	-	-	-	-	-	-
Indian	7	-	-	-	-	-	-	-	-
Irish	3	-	-	-	-	-	-	-	-
Israeli	3	-	-	-	-	-	-	-	-

Italian	1	-	-	-	-	-	-	-	-
Jamaican	1	-	-	-	-	-	-	-	-
Japanese	16	-	-	-	-	-	-	-	-
Korean	5	-	-	-	-	-	-	-	-
Lithuanian	1	-	-	-	-	-	-	-	-
Malaysian	5	-	-	-	-	-	-	-	-
New Zealand	6	-	-	-	-	-	-	-	-
Others	14	1	1	1	1	1	-	1	1
Pakistani	1	-	-	-	-	-	-	-	-
Portuguese	4	-	-	-	-	-	-	-	-
Singaporean	4	-	-	-	-	-	-	-	-
Spanish	116	-	-	-	-	-	-	-	-
Swedish	4	-	-	-	-	-	-	-	-
Swiss	8	-	-	-	-	-	-	-	-
Taiwanese	10	-	-	-	-	-	-	-	-
Ukrainian	1	-	-	-	-	-	-	-	-
TOTAL	33,098	130	101	49	19	28	5	40	39

Security Ownership of Directors and Officers

The owners of more than 5% of the Company's voting^a securities (both common and preferred shares) as of June 30, 2025 are as follows:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent to Total Outstanding Capital Stock
Common	Top Frontier Investment Holdings, Inc.^b 5th Floor, ENZO Bldg., No. 339 Sen. Gil Puyat, Makati City	Iñigo U. Zobel, Filipino, Director of the Company; and Ramon S. Ang, Filipino, the President and Chief Executive Officer of the Company, are beneficial owners of 52.82% and 34.86% ^c of the outstanding common stock of Top Frontier Investment Holdings, Inc., respectively.	Filipino	1,472,668,340	38.21%
Common	PCD Nominee Corporation (Filipino) Makati City	Various individuals/Entities	Filipino	311,725,574	35.30%
Series 2 Preferred Shares	PCD Nominee Corporation (Filipino) Makati City	Various individuals/Entities	Filipino	1,048,845,262	

Common	Privado Holdings, Corp. Room 306 Narra Building, 2776 Pasong Tamo Extension, Makati City	Ramon S. Ang, Filipino, as beneficial owner of 100% of the outstanding capital stock of Privado Holdings, Corp.	Filipino	373,623,796 ^d	9.69%
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^a Common stockholders have the right to vote on all matters requiring stockholders' approval. The holders of the Series "2" Preferred shares shall not be entitled to vote except in matters provided for in the Corporation Code: amendment of articles of incorporation; adoption and amendment of by-laws; sale, lease exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property; incurring, creating or increasing bonded indebtedness; increase or decrease of capital stock; merger or consolidation with another corporation or other corporations; investment of corporate funds in another corporation or business; and dissolution.

^b The shares owned by Top Frontier Investment Holdings, Inc. are voted, in person or by proxy, by its authorized designate. As of June 30, 2025, Top Frontier Investment Holdings, Inc. has voting rights to a total of 1,472,668,340 shares of the Company, inclusive of 48,556,679 common shares that are lodged with the PDTC, which represent about 61.78% of the outstanding common capital stock of the Company.

^c As of June 30, 2025, through Privado Holdings, Corp., Far East Holdings, Inc. and Master Year Limited, all stockholders of record of Top Frontier Investment Holdings, Inc.

^d Inclusive of 368,140,516 common shares held in the name of Privado Holdings, Corp. and 5,483,280 common shares which are lodged with the PDTC.

The following are the number of shares comprising the Company's capital stock owned of record by the Chief Executive Officer, the directors, and key officers of the Company, as of June 30, 2025:

Name of Owner	Amount and Nature of Ownership		Citizenship	Total No. of Shares and Percent to Total Outstanding Capital Stock
	Common	Preferred		
Ramon S. Ang	1,345,429 (D) 368,140,516 (I) ^a 5,483,280 (I) ^b 194,076,265 (I) ^c 143,642,255 (I) ^d 175,370,472 (I) ^e 295,741 (I) ^f		Filipino	888,353,958 (23.05%)
John Paul L. Ang	5,000 (D)		Filipino	5,000 (0.00%)
Cecile L. Ang	5,000 (D)		Filipino	5,000 (0.00%)
Aurora T. Calderon	22,600 (D)		Filipino	22,600 (0.00%)
Joselito D. Campos, Jr.	9,149 (D)		Filipino	9,149 (0.00%)
Jose C. de Venecia, Jr.	5,000 (D)		Filipino	5,000 (0.00%)
Ernesto M. Pernia	5,000 (D)		Filipino	5,000 (0.00%)
Joseph N. Pineda	5,000 (D) 62,715 (I)		Filipino	67,715 (0.00%)
Alexander J. Poblador	5,000 (D)		Filipino	5,000 (0.00%)
Margarito B. Teves	5,000 (D)		Filipino	5,000 (0.00%)
Iñigo U. Zobel	16,171 (D) 777,871,381 (I) ^g		Filipino	777,887,552 (20.18%)
Thomas A. Tan	5,000 (D)	200,000 (I)	Filipino	205,000 (0.01%)
Bryan U. Villanueva	5,000 (D)		Filipino	5,000 (0.00%)
Felipe M. Medalla	5,000 (D)		Filipino	5,000 (0.00%)
Douglas L. LuYm	5,000 (D)		Filipino	5,000 (0.00%)
Virgilio S. Jacinto	180,830 (D)		Filipino	180,830 (0.01%)
Lorenzo G. Formoso III	20,000 (D)		Filipino	20,000 (0.00%)
Cecile Caroline U. De Ocampo	1,950 (D)	47,800 (I)	Filipino	49,750 (0.00%)
Bella O. Navarra	116,913	65,000 (I)	Filipino	181,913 (0.00%)
Susan Y. Yu			Filipino	0 (0.00%)

^a Through his 100% shareholdings in Privado Holdings, Corp.

^b Through his 100% shareholdings in Privado Holdings, Corp. which has shares which are lodged with the PDTC.

^c Through his direct shareholdings in Master Year Limited which has shares in Top Frontier Investment Holdings, Inc. which in turn has shares in the Company.

^d Through his direct shareholdings in Privado Holdings Corp. which has shares in Top Frontier Investment Holdings, Inc. which in turn has shares in the Company.

^e Through his direct shareholdings in Far East Holdings, Inc. which has shares in Top Frontier Investment Holdings, Inc. which in turn has shares in the Company.

^f Through his direct shareholdings in Top Frontier Investment Holdings, Inc. which has shares in the Company.

^g Through his 52.82% shareholdings in the common stock of Top Frontier Investment Holdings, Inc.

The aggregate number of shares owned of record by the President and Chief Executive Officer, key officers and directors (as a group) of the Company as of June 30, 2025 is 1,667,023,467 or approximately 43.26% of the outstanding capital stock of the Company.

Voting Trust of Holders of 5% and more

There is no person holding more than 5% of the Company's voting securities under a voting trust arrangement.

Changes in Control

The Company is not aware of any change of control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

MARKET PRICE OF AND DIVIDENDS ON THE EQUITY OF SMC AND RELATED SHAREHOLDER MATTERS

Market Information

The common shares of SMC are listed on the PSE. The high and low sales prices for each period are indicated in the table below.

The common shares and Series 2 Preferred Shares of SMC are traded on the PSE. The high and low closing prices for each quarter from 2022 to 2024 and for the first and second quarters of 2025 are as follows.

Class of Shares	2025					
	1 st		2 nd		3 rd	
	High	Low	High	Low	High	Low
Common	86.00	65.20	82.90	77.35	78.00	54.25
Preferred – 2F	74.50	72.40	74.00	71.70	76.00	72.60
Preferred – 2I	73.85	71.50	73.00	71.10	75.00	71.35
Preferred – 2J	72.00	69.75	73.00	70.80	75.00	70.50
Preferred – 2K	71.95	68.50	72.00	69.55	75.00	70.00
Preferred – 2L	79.80	76.00	79.20	78.00	79.00	76.10
Preferred – 2N	81.50	77.00	80.00	77.00	80.45	77.80
Preferred – 2O	82.75	80.00	82.00	80.00	82.40	79.20

Class of Shares	2024							
	1 st		2 nd		3 rd		4 th	
	High	Low	High	Low	High	Low	High	Low
Common	124.70	101.10	109.00	98.50	102.00	85.35	89.90	81.00
Preferred – 2F	73.50	71.50	73.00	71.50	74.00	71.70	73.90	71.60
Preferred – 2I	73.75	70.10	72.50	69.50	73.00	70.00	73.80	70.40
Preferred – 2J	73.90	67.00	69.95	65.05	71.00	66.55	73.00	69.50
Preferred – 2K	75.00	66.00	69.95	65.00	70.00	65.35	72.00	67.00
Preferred – 2L	79.00	75.25	78.20	75.00	78.30	76.05	78.50	76.00
Preferred – 2N	78.80	76.50	79.90	77.00	80.50	77.30	81.00	77.00
Preferred – 2O	80.70	76.75	81.00	76.00	81.50	79.00	82.45	79.90

Class of Shares	2023							
	1 st		2 nd		3 rd		4 th	
	High	Low	High	Low	High	Low	High	Low
Common	116.40	92.75	108.90	102.20	109.50	97.00	115.50	101.80
Preferred – 2F	76.00	74.00	74.95	73.00	74.90	72.00	74.30	70.00
Preferred – 2I	75.95	70.50	74.00	70.50	74.80	69.00	73.60	70.50
Preferred – 2J	72.95	67.00	71.90	68.10	71.50	66.00	70.00	65.00
Preferred – 2K	73.90	62.00	71.80	66.00	71.20	65.30	70.00	62.00
Preferred – 2L	-	-	-	-	-	-	79.00	75.00
Preferred – 2N	-	-	-	-	-	-	78.95	75.50
Preferred – 2O	-	-	-	-	-	-	78.70	75.50

Class of Shares	2022							
	1 st		2 nd		3 rd		4 th	
	High	Low	High	Low	High	Low	High	Low
Common	115.00	98.95	110.00	100.00	107.80	92.10	103.40	92.80
Preferred – 2F	79.75	75.05	78.20	75.00	77.50	75.30	76.50	74.00
Preferred – 2H	77.40	75.20	76.70	74.50	76.00	74.00	75.50	73.80
Preferred – 2I	79.60	76.00	80.00	76.00	77.00	75.30	75.75	72.00

Preferred – 2J	78.00	76.20	76.50	70.50	75.00	70.00	74.00	67.50
Preferred – 2K	77.00	74.25	76.00	72.15	74.50	71.15	73.00	67.10

Dividends and Dividend Policy

Cash dividends declared by the Board of Directors of SMC and paid to common shareholders amounted to ₱1.40 per share in 2024.

Cash dividends declared by the Board of Directors of SMC and paid to all Series “2” – Subseries “2-F”, Subseries “2-I”, Subseries “2-J”, Subseries “2-K”, Subseries “2-L”, Subseries “2-M”, Subseries “2-N”, and Subseries “2-O” preferred shareholders amounted to ₱5.1054, ₱4.751625, ₱3.5625, ₱3.478125, ₱6.26564583, ₱6.78723958, ₱6.607725 and ₱6.80326667 per share, respectively, in 2024.

Dividends may be declared at the discretion of the Board of Directors and will depend upon the future results of operations and general financial condition, capital requirements, its ability to receive dividends and other distributions and payments from its subsidiaries, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations and other factors the Board of Directors may deem relevant.

The table below sets forth the amount of dividends declared and paid since 2020.

Common Shares					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2020	Cash	0.35	March 12	April 3	April 30
	Cash	0.35	June 30	July 15	July 31
	Cash	0.35	September 10	October 9	October 30
	Cash	0.35	December 3	January 4, 2021	January 22, 2021
Total:		1.40			
2021	Cash	0.35	March 11	April 5	April 30
	Cash	0.35	June 8	July 2	July 28
	Cash	0.35	September 9	October 8	October 29
	Cash	0.35	December 2	January 4, 2022	January 21, 2022
Total:		1.40			
2022	Cash	0.35	March 10	April 1	April 29
	Cash	0.35	June 14	July 1	July 27
	Cash	0.35	September 22	October 7	October 28
	Cash	0.35	December 7	January 6	January 27, 2023
Total:		1.40			
2023	Cash	0.35	March 9	March 31	April 28
	Cash	0.35	June 13	June 30	July 26
	Cash	0.35	September 7	October 6	October 27
	Cash	0.35	December 7	January 5, 2024	January 26, 2024
Total:		1.40			
2024	Cash	0.35	March 11	March 27	April 26
	Cash	0.35	June 11	June 28	July 26
	Cash	0.35	November 7	November 22	December 2
	Cash	0.35	December 5	January 3, 2025	January 24, 2025
Total:		1.40			
2025	Cash	0.35	March 13	March 28	April 25
	Cash	0.35	June 10	June 27	July 23
	Cash	0.35	September 11	October 3	October 24
Total:		1.05			

Preferred Shares - Series 1					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2020	Cash	1.0565625	January 23	March 20	April 3
Total:		1.0565625			

Preferred Shares - Series 2C					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2020	Cash	1.50	January 23	March 20	April 3
	Cash	1.50	May 28	June 19	July 3
	Cash	1.50	August 6	September 21	October 5
	Cash	1.50	November 5	December 18	January 8, 2021
Total:		6.00			
2021	Cash	1.50	January 21	March 19	April 5
	Cash	1.50	May 6	June 21	July 2
	Cash	1.50	August 5	September 21	October 1
Total:		4.50			

Preferred Shares - Series 2D					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2020	Cash	1.11433125	January 23	March 20	April 3
	Cash	1.11433125	May 28	June 19	July 3
	Cash	1.11433125	August 6	September 21	October 5
Total:		3.34299375			

Preferred Shares - Series 2E					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2020	Cash	1.18603125	January 23	March 20	April 3
	Cash	1.18603125	May 28	June 19	July 3
	Cash	1.18603125	August 6	September 21	October 5
	Cash	1.18603125	November 5	December 18	January 8, 2021
Total:		4.74412500			
2021	Cash	1.18603125	January 21	March 19	April 5
	Cash	1.18603125	May 6	June 21	July 2
	Cash	1.18603125	August 5	September 21	October 1
Total:		3.55809375			

Preferred Shares - Series 2-F					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2020	Cash	1.27635	January 23	March 20	April 3
	Cash	1.27635	May 28	June 19	July 3
	Cash	1.27635	August 6	September 21	October 5
	Cash	1.27635	November 5	December 18	January 8, 2021
Total:		5.10540			
2021	Cash	1.27635	January 21	March 19	April 5
	Cash	1.27635	May 6	June 21	July 2

	Cash	1.27635	August 5	September 21	October 1
	Cash	1.27635	November 11	December 21	January 7, 2022
Total:		5.10540			
2022	Cash	1.27635	February 10	March 21	April 1
	Cash	1.27635	May 5	June 21	July 4
	Cash	1.27635	August 4	September 21	October 4
	Cash	1.27635	November 14	December 21	January 3, 2023
Total:		5.10540			
2023	Cash	1.27635	January 26	March 21	April 4
	Cash	1.27635	May 11	June 21	July 5
	Cash	1.27635	August 3	September 21	October 5
	Cash	1.27635	November 9	December 21	January 4, 2024
Total:		5.10540			
2024	Cash	1.27635	January 18	March 21	April 4
	Cash	1.27635	May 14	June 21	July 4
	Cash	1.27635	August 8	September 20	October 4
	Cash	1.27635	November 7	December 20	January 3, 2025
Total:		5.10540			
2025	Cash	1.27635	January 16	March 21	April 4
	Cash	1.27635	May 8	June 20	July 4
	Cash	1.27635	August 7	September 19	October 3
Total:		3.82905			

Preferred Shares - Series 2G					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2020	Cash	1.23361875	January 23	March 20	April 3
	Cash	1.23361875	May 28	June 19	July 3
	Cash	1.23361875	August 6	September 21	October 5
	Cash	1.23361875	November 5	December 18	January 8, 2021
Total:		4.93447500			
2021	Cash	1.23361875	January 21	March 19	April 5
Total:		1.23361875			

Preferred Shares - Series 2H					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2020	Cash	1.1854125	January 23	March 20	April 3
	Cash	1.1854125	May 28	June 19	July 3
	Cash	1.1854125	August 6	September 21	October 5
	Cash	1.1854125	November 5	December 18	January 8, 2021
Total:		4.7416500			
2021	Cash	1.1854125	January 21	March 19	April 5
	Cash	1.1854125	May 6	June 21	July 2
	Cash	1.1854125	August 5	September 21	October 1
	Cash	1.1854125	November 11	December 21	January 7, 2022
Total:		4.7416500			
2022	Cash	1.1854125	February 10	March 21	April 1
	Cash	1.1854125	May 5	June 21	July 4

	Cash	1.1854125	August 4	September 21	October 4
	Cash	1.1854125	November 14	December 21	January 3, 2023
Total:		4.7416500			

Preferred Shares - Series 2I					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2020	Cash	1.18790625	January 23	March 20	April 3
	Cash	1.18790625	May 28	June 19	July 3
	Cash	1.18790625	August 6	September 21	October 5
	Cash	1.18790625	November 5	December 18	January 8, 2021
Total:		4.75162500			
2021	Cash	1.18790625	January 21	March 19	April 5
	Cash	1.18790625	May 6	June 21	July 2
	Cash	1.18790625	August 5	September 21	October 1
	Cash	1.18790625	November 11	December 21	January 7, 2022
Total:		4.75162500			
2022	Cash	1.18790625	February 10	March 21	April 1
	Cash	1.18790625	May 5	June 21	July 4
	Cash	1.18790625	August 4	September 21	October 4
	Cash	1.18790625	November 14	December 21	January 3, 2023
Total:		4.751625			
2023	Cash	1.18790625	January 26	March 21	April 4
	Cash	1.18790625	May 11	June 21	July 5
	Cash	1.18790625	August 3	September 21	October 5
	Cash	1.18790625	November 9	December 21	January 4, 2024
Total:		4.751625			
2024	Cash	1.18790625	January 18	March 21	April 4
	Cash	1.18790625	May 14	June 21	July 4
	Cash	1.18790625	August 8	September 20	October 4
	Cash	1.18790625	November 7	December 20	January 3, 2025
Total:		4.751625			
2025	Cash	1.18790625	January 16	March 21	April 4
	Cash	1.18790625	May 8	June 20	July 4
	Cash	1.18790625	August 7	September 19	October 3
Total:		3.56371875			

Preferred Shares - Series 2-J					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2020	Cash	0.890625	November 5	December 18	January 8, 2021
Total:		0.890625			
2021	Cash	0.890625	January 21	March 19	April 5
	Cash	0.890625	May 6	June 21	July 2
	Cash	0.890625	August 5	September 21	October 1
	Cash	0.890625	November 11	December 21	January 7, 2022
Total:		3.562500			
2022	Cash	0.890625	February 10	March 21	April 1

	Cash	0.890625	May 5	June 21	July 4
	Cash	0.890625	August 4	September 21	October 4
	Cash	0.890625	November 14	December 21	January 3, 2023
Total:		3.562500			
2023	Cash	0.890625	January 26	March 21	April 4
	Cash	0.890625	May 11	June 21	July 5
	Cash	0.890625	August 3	September 21	October 5
	Cash	0.890625	November 9	December 21	January 4, 2024
Total:		3.562500			
2024	Cash	0.890625	January 18	March 21	April 4
	Cash	0.890625	May 14	June 21	July 4
	Cash	0.890625	August 8	September 20	October 4
	Cash	0.890625	November 7	December 20	January 3, 2025
Total:		3.562500			
2025	Cash	0.890625	January 16	March 21	April 4
	Cash	0.890625	May 8	June 20	July 4
	Cash	0.890625	August 7	September 19	October 3
Total:		2.671875			

Preferred Shares - Series 2-K					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2021	Cash	0.84375	January 21	March 19	April 5
	Cash	0.84375	May 6	June 21	July 2
	Cash	0.84375	August 5	September 21	October 1
	Cash	0.84375	November 11	December 21	January 7, 2022
Total:		3.37500			
2022	Cash	0.84375	February 10	March 21	April 1
	Cash	0.84375	May 5	June 21	July 4
	Cash	0.84375	August 4	September 21	October 4
	Cash	0.84375	November 14	December 21	January 3, 2023
Total:		3.37500			
2023	Cash	0.84375	January 26	March 21	April 4
	Cash	0.84375	May 11	June 21	July 5
	Cash	0.84375	August 3	September 21	October 5
	Cash	0.84375	November 9	December 21	January 4, 2024
Total:		3.37500			
2024	Cash	0.84375	January 18	March 21	April 4
	Cash	0.84375	May 14	June 21	July 4
	Cash	0.103125	May 14	June 21	July 4
	Cash	0.84375	August 8	September 20	October 4
	Cash	0.84375	November 7	December 20	January 3, 2025
Total:		3.478125			
2025	Cash	0.84375	January 16	March 21	April 4
	Cash	0.84375	May 8	June 20	July 4
	Cash	0.84375	August 7	September 19	October 3
Total:		2.53125			

Preferred Shares - Series 2L					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2024	Cash	1.48396875	January 18	March 21	April 4
	Cash	1.48396875	May 14	June 21	July 4
	Cash	0.3297708333333333	May 14	June 21	July 4
	Cash	1.48396875	August 8	September 20	October 4
	Cash	1.48396875	November 7	December 20	January 3, 2025
Total:		6.26564583			
2025	Cash	1.48396875	January 16	March 21	April 4
	Cash	1.48396875	May 8	June 20	July 4
	Cash	1.48396875	August 7	September 19	October 3
Total:		4.45190625			

Preferred Shares - Series 2M					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2023	Cash	1.5703125	November 9	December 21	January 4, 2024
Total:		1.5703125			
2024	Cash	1.5703125	January 18	March 21	April 4
	Cash	1.5703125	May 14	June 21	July 4
	Cash	0.5059895833333333	May 14	June 21	July 4
	Cash	1.5703125	August 8	September 20	October 4
	Cash	1.5703125	November 7	December 20	January 3, 2025
Total:		6.78723958			
2025	Cash	1.5703125	January 16	March 21	April 4
	Cash	1.5703125	May 8	June 20	July 4
	Cash	1.5703125	August 7	September 19	October 3
Total:		4.7109375			

Preferred Shares - Series 2N					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2024	Cash	1.5649875	January 18	March 21	April 4
	Cash	1.5649875	May 14	June 21	July 4
	Cash	0.3477750	May 14	June 21	July 4
	Cash	1.5649875	August 8	September 20	October 4
	Cash	1.5649875	November 7	December 20	January 3, 2025
Total:		6.607725			
2025	Cash	1.5649875	January 16	March 21	April 4
	Cash	1.5649875	May 8	June 20	July 4
	Cash	1.5649875	August 7	September 19	October 3
Total:		4.6949625			

Preferred Shares - Series 2O					
Year	Type	Per Share Amount (₱)	Date Declared	Record Date	Payment Date
2024	Cash	1.611300	January 18	March 21	April 4
	Cash	1.611300	May 14	June 21	July 4

	Cash	0.3580666666666667	May 14	June 21	July 4
	Cash	1.611300	August 8	September 20	October 4
	Cash	1.611300	November 7	December 20	January 3, 2025
Total:		6.80326667			
2025	Cash	1.611300	January 16	March 21	April 4
	Cash	1.611300	May 8	June 20	July 4
	Cash	1.611300	August 7	September 19	October 3
Total:		4.833900			

Similarly, the subsidiaries of SMC may declare dividends at the discretion of their respective boards of directors and will depend upon the future results of operations and general financial condition, capital requirements, its ability to receive dividends and other distributions and payments from their respective subsidiaries, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations and other factors their respective boards of directors may deem relevant.

For the years 2022, 2023, and 2024 the Company received the following dividends and distribution income:

	2022	2023	2024
	<i>(In Millions)</i>		
Dividends and distribution income	₱14,681	₱15,788	₱34,486

Below is the breakdown of the dividend and distribution income of the Company mentioned above as of December 31, 2022, 2023, and 2024:

	December 31, 2022	December 31, 2023	December 31, 2024
San Miguel Food and Beverage, Inc.	11,120	14,162	17,047
San Miguel Equity Investments Inc.	-	-	5,200
San Miguel Properties Inc.	-	-	3,999
SMC Shipping & Lighterage Corp.	-	-	3,002
San Miguel Insurance Company Limited	-	-	1,173
San Miguel Integrated Logistics Services, Inc.	-	-	700
SMITS, Inc.	100	100	788
Petron Corporation	470	640	619
Mindanao Corrugated Fibreboard Inc.	-	-	565
Petrogen Insurance Corporation	-	-	322
SMC Equivest Corporation	-	-	318
San Miguel Yamamura	-	130	163

Packaging Corporation			
San Miguel Global Power Holdings Corp.	1,617	-	-
Top Frontier Investments Holdings, Inc.	1,328	-	-
Others	46	756	590
TOTAL	14,681	15,788	34,486

Dividend Policy of San Miguel Food and Beverage, Inc.

Since August 8, 2018, SMFB's dividend policy has been to entitle holders of its common shares to receive annual cash dividends of up to 60% of the prior year's recurring net income. Recurring net income is net income calculated without respect to extraordinary events that are not expected to recur. SMFB expects that the dividend distributions shall be made over the four quarters of the year, subject to the applicable laws and regulations and based on the recommendation of its board of directors. In considering dividend declarations for each quarter, its board has in the past and will in the future, take into consideration dividend payments on the preferred shares, and other factors, such as the implementation of business plans, debt service requirements, debt covenant restrictions, funding of new investments, major capital expenditure requirements, appropriate reserves and working capital, among others.

The board of directors of SFMB may modify its dividend policy or declare special dividends, depending on its capital expenditure plans and/or any terms of financing facilities entered into to fund their current and future operations and projects. SMFB's ability to pay dividends primarily depends on the dividends it receives from subsidiaries, and intends to maintain the dividend policies of its subsidiaries. SMFB cannot assure that it will pay any dividends in the future.

Dividend Policy of San Miguel Global Power Holdings Corp. (SMGP)

SMGP and its subsidiaries are allowed under Philippine laws to declare dividends, subject to certain requirements. These requirements include, for example, that the board is authorized to declare dividends only from its unrestricted retained earnings. Dividends may be payable in cash, shares or property, or a combination of the three, as the board shall determine. A cash dividend declaration does not require any further approval from shareholders. The declaration of stock dividends is subject to the approval of shareholders holding at least two-thirds of the outstanding capital stock of SMGP. The board of SMGP may not declare dividends which will impair its capital.

SMGP and its subsidiaries declare dividends as determined by its board, taking into consideration factors such as the implementation of business plans, debt service requirements, operating expenses, budgets, funding for new investments and acquisitions and appropriate reserves and working capital. Dividends may be declared at the discretion of the Board of Directors and will depend upon the actual results of operations and general financial conditions of SMGP. There are restrictions on the ability of ring-fenced subsidiary to declare dividends to SMGP under their respective project financing facilities. However, under its existing loan facilities, SMGP and its certain major subsidiaries are not allowed to distribute any cash dividends to its shareholders, or to purchase, call for redemption or redeem, retire or otherwise acquire for value any shares (including options, warrants or other rights to acquire such shares of common.

Sale of Unregistered or Exempt Including Securities Constituting an Exempt Transaction

There were no securities sold by SMC within the past 3 years which were not registered under the SRC, except for the following:

Name of Security Sold	Underwriters	Date of Sale	Amount of Securities	Basis for Exemption
Redeemable Perpetual Securities – U.S. Dollar	N/A	August 5, 2020	U.S.\$100,000,000.00	Section 10.1 (k) of the SRC

Series 2-M Preferred Shares	N/A	August 23, 2023	173,333,325 Series 2-M Preferred Shares equivalent to ₱12.9 billion at an issue price of ₱75.00 per share	Section 10.1(k) of the SRC
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Effect on Common Equity Holders

The Offer Shares will not have any dilutive effect on the rights of the holders of the common shares of SMC, as these are non-voting, non-convertible and non-participating.

Foreign Equity Holders

As of June 30, 2025, the total issued and outstanding capital stock of the Corporation is Ninety-Six and 85/100 percent (96.85%) Filipino-owned and Three and 15/100 percent (3.15%) foreign-owned, the breakdown of which is as follows:

Class of Shares	Foreign	Percentage	Filipino	Percentage
Common Shares	112,134,934	4.70%	2,271,761,654	95.30%
Series "2-F" Preferred Shares*	1,356,552	0.61%	221,976,948	99.39%
Series "2-I" Preferred Shares	1,480,310	0.87%	167,853,090	99.13%
Series "2-J" Preferred Shares**	769,720	0.29%	265,896,947	99.71%
Series "2-K" Preferred Shares***	2,158,035	1.17%	181,746,865	98.83%
Series "2-L" Preferred Shares	1,282,880	0.78%	164,075,720	99.22%
Series "2-M" Preferred Shares	-	0.00%	173,333,325	100.00%
Series "2-N" Preferred Shares	1,691,560	1.69%	98,423,540	98.31%
Series "2-O" Preferred Shares	606,140	0.32%	187,253,560	99.68%
TOTAL	121,480,131	3.15%	3,732,321,649	96.85%

* As of September 22, 2025, all of the Series 2F Preferred Shares have been redeemed.

** As of October 10, 2025, [●] Series 2J Preferred Shares have been tendered to the Company to be exchanged for any one of the Series 2P, 2Q, and 2R Preferred Shares. Any remaining 2J Preferred Shares which have not been exchanged shall be redeemed on October 29, 2025.

*** As of October 10, 2025, [●] Series 2K Preferred Shares have been tendered to the Company to be exchanged for any one of the Series 2P, 2Q, and 2R Preferred Shares. Any remaining 2K Preferred Shares which have not been exchanged shall be redeemed on December 10, 2025.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Related Party Disclosures

San Miguel Corporation (“SMC” or “the Parent Company”), certain subsidiaries and their shareholders, associates and joint ventures purchase products and services from one another in the normal course of business. The Parent Company requires approval of the Board of Directors for related party transactions amounting to at least ten percent (10%) of the total consolidated assets based on its latest audited financial statements.

Amounts owed by/owed to related parties are collectible/payable in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at June 30, 2025 and December 31, 2024:

<i>(Amounts are in millions)</i>	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Ultimate Parent Company	June 30, 2025	P2	P -	P -	P516	Settled on dividend	Unsecured
	December 31, 2024	9	-	-	516	payment date	
	June 30, 2025	-	-	3,037	-	To be settled on the first anniversary of commercial operations of the Nonoc Project; interest-bearing	Unsecured; no impairment
	December 31, 2024	-	-	3,037	-		
Retirement plans	June 30, 2025	15	-	2,877	-	On demand;	Unsecured;
	December 31, 2024	30	-	3,166	-	non-interest-bearing	no impairment
	June 30, 2025	101	-	3,110	-	On demand;	Unsecured;
	December 31, 2024	234	-	4,127	-	interest-bearing	no impairment
Associates	June 30, 2025	2,713	-	15,523	206	On demand;	Unsecured;
	December 31, 2024	1,984	-	940	161	non-interest-bearing	no impairment
	June 30, 2025	382	1,126	9,743	30,027	Less than 1	Unsecured and
	December 31, 2024	637	1,394	9,720	34,208	to 12 years;	secured; no
						interest-bearing	impairment
Joint ventures	June 30, 2025	332	1,528	90	364	On demand;	Unsecured;
	December 31, 2024	88	1,103	7	456	non-interest-bearing	no impairment
	June 30, 2025	14	-	621	-	On demand;	Unsecured;
	December 31, 2024	13	-	621	-	interest-bearing	with impairment
	June 30, 2025	40	-	1,780	-	Less than 1	Unsecured;
	December 31, 2024	81	-	1,746	-	to 10.5 years; interest-bearing	no impairment
Shareholder	June 30, 2025	-	-	1,200	-	On demand;	Unsecured;

of the Ultimate Parent Company	December 31, 2024	-	-	1,300	-	non-interest-bearing	no impairment
Shareholders	June 30, 2025	25	693	95	1,387	On demand;	Unsecured;
in subsidiaries	December 31, 2024	43	1,265	96	1,368	non-interest-bearing	no impairment
Others	June 30, 2025	376	1,486	325	101	On demand;	Unsecured;
	December 31, 2024	543	1,559	208	126	non-interest-bearing	no impairment
Total	June 30, 2025	P4,000	P4,833	P38,401	P32,601		
Total	December 31, 2024	P3,662	P5,321	P24,968	P36,835		

- 1) Revenue consists primarily of sale of power, fuel and other products and services to related parties.
- 2) Purchases consist primarily of purchase of inventories, power and other products and services from related parties.
- 3) Amounts owed by related parties consist of current and noncurrent receivable, advances to suppliers and deposits and share in expenses.
 - a) Amounts owed by related parties include interest-bearing receivable from Top Frontier related to the remaining balance of the consideration for the sale of Clariden Holdings, Inc. (Clariden) amounting to ₱2,312 million and the assignment of certain receivables of the Ultimate Parent Company amounting to ₱725 million.
 - (i) *Amounts owed by the Ultimate Parent Company amounting to ₱2,312 million:* On September 27, 2019, SMC and Top Frontier agreed in writing that the second payment amounting to ₱1,099 million, plus 5.75% interest rate per annum of any portion thereof unpaid, and the final payment amounting to ₱1,213 million, plus 6.00% per annum of any portion thereof unpaid, shall be payable and the interest shall be accrued, on the first anniversary of commercial operations of the Nonoc Project or such extended date as may be mutually agreed by the parties in writing.
 - (ii) *Amounts owed by the Ultimate Parent Company amounting to ₱725 million:* On September 27, 2019, the parties agreed in writing that the amounts plus 5.75% interest rate per annum of any portion thereof unpaid shall be payable and the interest shall be accrued, upon commencement of commercial operations of the Nonoc Project.

The Nonoc Project is primarily focused on extracting nickel deposits in Nonoc Island, Surigao City, Surigao del Norte, and is undertaken by Philnico Industrial Corporation, Pacific Nickel Philippines, Inc., and Philnico Processing Corp., all indirect subsidiaries of Clariden. As at June 30, 2025 and December 31, 2024, the Nonoc Project has not yet started commercial operations.

These amounts are included as part of noncurrent receivables and deposits under “Other noncurrent assets - net” account in the consolidated statements of financial position as at June 30, 2025 and December 31, 2024.

- b) The Parent Company has advances to and receivables from San Miguel Corporation Retirement Plan amounting to ₱5,987 million and ₱6,311 million as at June 30, 2025 and December 31, 2024, respectively, included as part of “Amounts owed by related parties” under “Trade and other receivables - net” account in the consolidated statements of financial position. Portion of the advances are subject to interest of 5.75% per annum. Interest income earned from the advances amounted to ₱91 million and ₱94 million for the periods ended June 30, 2025 and 2024, respectively.

- c) Petron Corporation (Petron) has advances to Petron Corporation Employee Retirement Plan amounting to ₱982 million as at December 31, 2024, included as part of “Amounts owed by related parties” under “Trade and other receivables - net” account in the consolidated statement of financial position, which was fully paid on March 20, 2025. Portion of the advances are subject to interest of 5% per annum. Interest income earned from the advances amounted to ₱10 million and ₱23 million for the periods ended June 30, 2025 and 2024, respectively.
- d) The amounts owed by associates mainly consist of advances granted and management and shared service fees charged to SPPC and EERI amounting to ₱14,362 million, presented as part of “Trade and other receivables - net” and “Other noncurrent assets - net” accounts in the consolidated statement of financial position as at June 30, 2025.
- e) Amounts owed by related parties include investments in equity and debt instruments under an investment management agreement with Bank of Commerce (BankCom) amounting to ₱9,743 million and ₱9,718 million as at June 30, 2025 and December 31, 2024, respectively, presented as part of “Prepaid expenses and other current assets” and “Investments in equity and debt instruments” accounts in the consolidated statements of financial position. Interest income earned from investments in equity and debt instruments amounted to ₱162 million for the periods ended June 30, 2025 and 2024.
- f) Amounts owed by related parties include an interest-bearing receivable from joint ventures amounting to ₱621 million included as part of “Trade and other receivables - net” account in the consolidated statements of financial position. Allowance for impairment losses pertaining to these receivables amounted to ₱621 million as at June 30, 2025 and December 31, 2024. Interest income earned from the receivable amounted to ₱14 million and ₱13 million for the periods ended June 30, 2025 and 2024, respectively.
- g) Amounts owed by joint ventures include the interest-bearing loans granted to Angat Hydropower Corporation (Angat Hydro) by PowerOne Ventures Energy Inc. (PVEI).

In January 2017, PVEI granted shareholder advances to Angat Hydro amounting to US\$32 million (₱1,579 million). The advances are subject to interest of 4.5% per annum and were due on April 30, 2017. The due date of the advances was extended to December 31, 2025, as agreed by the parties. As at June 30, 2025 and December 31, 2024, the remaining balance of the shareholder advances amounted to US\$2 million (₱129 million) and US\$2 million (₱132 million), respectively.

In February 2023 and June and October 2021, PVEI granted additional shareholder advances to Angat Hydro amounting to ₱344 million, ₱600 million and ₱409 million, respectively. The advances are subject to interest of 6.125%, 4.6% and 6.125% per annum, respectively, and are due on January 5, 2032.

As at June 30, 2025 and December 31, 2024, the outstanding balance of advances amounted to ₱1,482 million and ₱1,485 million, respectively, presented as part of “Trade and other receivables - net” and “Other noncurrent assets - net” accounts in the consolidated statements of financial position. Interest income earned from the advances amounted to ₱40 million for the periods ended June 30, 2025 and 2024.

- h) Amounts owed by related parties include the receivable from the assignment by Eagle Cement Corporation to Far East Holdings, Inc. of the advances for future investment in KB Space Holdings, Inc. amounting to ₱1,200 million and ₱1,300 million, as at June 30, 2025 and December 31, 2024, respectively, presented as part of “Trade and other receivables - net” account in the consolidated statements of financial position.
- 4) Amounts owed to related parties consist of trade payables, professional fees and lease obligations. Amounts owed to a related party for the lease of office space presented as part of “Lease liabilities - current portion” amounted to ₱5 million and ₱9 million as at June 30, 2025 and December 31, 2024, respectively, and as part of “Lease liabilities - net of current portion” amounted to ₱34 million and ₱35 million as at June 30, 2025 and December 31, 2024, respectively. The amount owed to the Ultimate Parent Company pertains to dividends payable.

The interest-bearing loans payable to BankCom presented as part of “Loans payable” account amounted to ₱2,953 million and ₱6,941 million and “Long-term debt” account amounted to ₱27,074 million and ₱27,267 million in the consolidated statements of financial position as at June 30, 2025 and December 31, 2024, respectively. Interest expense incurred on the loans amounted to ₱1,126 million and ₱938 million for the periods ended June 30, 2025 and 2024, respectively.

The amounts owed to associates include syndicated project finance loans amounting to ₱20,000 million and ₱20,584 million as at June 30, 2025 and December 31, 2024, respectively, which were secured by certain property, plant and equipment and other intangible assets.

There were no known transactions with parties that fall outside the definition “related parties” under PAS 24, *Related Party Disclosures*, but with whom SMC or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm’s length basis.

LEGAL PROCEEDINGS

Neither SMC nor any of its subsidiaries is a party to nor its properties subject of, any material pending legal proceeding that could be expected to have a material adverse effect on the issuance of the Offer Shares and on the results of the financials and the operations of SMC. The Company has not been the subject of any bankruptcy petition, insolvency, receivership, or similar proceedings.

The Company and its subsidiaries are parties to legal proceedings from time to time. The outcome of these proceedings cannot be presently determined or predicted with certainty. This section provides a summary of the legal proceedings involving SMC and its subsidiaries.

1. Lease Agreements with PNOC

On October 20, 2017, Petron filed a complaint against the PNOC for the reconveyance of the various landholdings it conveyed to PNOC in 1993 as a result of the government-mandated privatization of Petron.

The subject landholdings consist of the refinery lots in Limay, Bataan, 23 bulk plant sites and 66 service station lots located in different parts of the country. The Deeds of Conveyance covering the landholdings provide that the transfer of these lots to PNOC was without prejudice to the continued long-term use by Petron of the conveyed lots. Thus, PNOC and Petron executed lease agreements covering said properties, all with an initial lease term of 25 years, with a provision for automatic renewal for another 25 years. In 2009, the lease agreement for the refinery lots was renewed for an initial lease term of 30 years, renewable for another 25 years.

The complaint alleges that PNOC committed a fundamental breach of the lease agreements when it refused to honor both the automatic renewal clause in the lease agreements for the bulk plants and the service station sites, and the renewed lease agreement for the refinery lots, on the alleged ground that said agreements were grossly disadvantageous to PNOC, a government-owned-and-controlled corporation.

After issuing a writ of preliminary injunction which prevented the ouster of Petron from the subject properties until the case is decided, the trial court granted Petron's motion for summary judgment and ordered: (i) the rescission of the Deeds of Conveyance relating to Petron's conveyance of such leased premises to PNOC pursuant to a property dividend declaration in 1993; (ii) the reconveyance by PNOC to Petron of said properties; and (iii) the payment by Petron to PNOC of the amount of ₱143 million, with legal interest from 1993, representing the book value of the litigated properties at the time of the property dividend declaration.

Following the trial court's denial of the parties' separate motions for reconsideration, both PNOC and Petron filed their respective notices of appeal with the trial court and elevated the case on appeal to the Court of Appeals where it was assigned to the Court's 5th Division.

In a decision dated December 13, 2021, the Court of Appeals dismissed both appeals of Petron and PNOC and affirmed the resolution of the trial court. The Court of Appeals upheld Petron's position that PNOC committed a substantial breach of its contractual obligation when it dishonored the automatic renewal clause in the lease agreements. The Court of Appeals ruled, however, that, while rescission repeals the contract from its inception, it does not disregard all the consequences that the contract has created and that it was therefore only proper that Petron paid PNOC the rentals for the use and enjoyment of the properties which PNOC could have enjoyed by virtue of the Deeds of Conveyance were it not for the lease agreements. On January 11, 2022, Petron filed its motion for reconsideration insofar as the CA decision dismissed Petron's appeal to return the lease payments made by it to PNOC. PNOC also filed its separate motion for reconsideration. In a resolution dated October 6, 2022, the Court of Appeals (Former Special Third Division) denied the respective motions for reconsideration of the parties, effectively affirming the trial court's earlier resolution in favor of Petron.

In December 2022, PNOC appealed the CA Decision to the Supreme Court. In July 2023, the Supreme Court denied the petition for review of PNOC on the ground that PNOC failed to sufficiently show that the CA committed any reversible error in the challenged decision and resolution that would warrant the Supreme Court's exercise of its discretionary appellate jurisdiction. In December 2023, PNOC filed a motion for reconsideration and moved to refer the case to the Supreme Court *en banc*.

In a resolution dated November 25, 2024, the Supreme Court denied with finality the motion for reconsideration and the motion to refer to the Supreme Court En Banc that PNOC filed in December 2023. The November 2024 resolution also ordered the immediate issuance of the entry of judgment and declared that no further pleadings or motions shall be entertained.

On January 21, 2025, PNOC filed a second motion for reconsideration. As of June 30, 2025, Petron has not received any notice from the Supreme Court on its action on PNOC's second motion for reconsideration.

2. Generation Payments to PSALM

South Premiere Power Corp. ("**SPPC**") and the Power Sector Assets and Liabilities Management Corporation ("**PSALM**") are parties to the Ilijan IPPA Agreement covering the appointment of SPPC as the IPP Administrator of the Ilijan Power Plant.

SPPC and PSALM have an ongoing dispute arising from differing interpretations of certain provisions related to generation payments under the Ilijan IPPA Agreement. As a result of such dispute, the parties have arrived at different computations regarding the subject payments.

On August 12, 2015, SPPC initiated a dispute resolution process with PSALM as provided under the terms of the Ilijan IPPA Agreement, while continuing to maintain that it has fully paid all of its obligations to PSALM. Notwithstanding the bona fide dispute, PSALM issued a notice terminating the Ilijan IPPA Agreement on September 4, 2015 and called on SPPC's Performance Bond.

On September 8, 2015, SPPC filed a Complaint with the Regional Trial Court of Mandaluyong City (the "**RTC**") requesting that its interpretation of the relevant provisions of the Ilijan IPPA Agreement be upheld and asked that a 72-hour TRO be issued against PSALM for illegally terminating the Ilijan IPPA Agreement and drawing on the performance bond of SPPC. On even date, the RTC issued a 72-hour TRO which prohibited PSALM from treating SPPC as being in Administrator Default and from performing other acts that would change the status quo ante between the parties before PSALM issued the termination notice and drew on the performance bond of SPPC. The TRO was extended until September 28, 2015 when a Preliminary Injunction was issued thereafter enjoining PSALM from proceeding with the termination of the Ilijan IPPA Agreement while the main case is pending.

PSALM filed with the Court of Appeals ("**CA**") a Petition for Review on Certiorari assailing the RTC's order of denial of its Motion for Reconsideration of the issuance of the writ of preliminary injunction. The CA ruled in favor of SPPC and affirmed the RTC's issuance of a writ of preliminary injunction against PSALM prohibiting it from terminating the Ilijan IPPA Agreement while the main case in the lower court is pending and named the Manila Electric Company ("**Meralco**") as intervenor. (the "**CA Decision**").

The CA Decision was also affirmed by the Supreme Court ("**SC**") in its resolution dated March 4, 2019 after PSALM filed a Petition for Certiorari with Urgent Prayer for the Issuance of a TRO and/or Writ of Preliminary Injunction before the SC praying for the reversal and nullification of the CA decision and resolution affirming the RTC's issuance of a writ of preliminary injunction against PSALM. PSALM filed a Motion for Reconsideration thereof and was denied by the SC in a resolution dated August 5, 2019, which became final and executory on the same date.

After years of resolving other related issues, pre-trial proceeded on November 19, 2021, and the parties filed the Joint Stipulation of Facts on April 6, 2022.

On August 30, 2024, SPPC filed its Formal Offer of Evidence. On September 12, 2024, in compliance with a directive from the court, SPPC submitted additional hard copies of its exhibits. The court admitted SPPC's documentary evidence through an Order dated October 11, 2024.

On November 22, 2024, PSALM filed its Formal Offer of Evidence. In an Order dated December 19, 2024, the trial court admitted PSALM's exhibits and directed the parties to submit their respective closing Memoranda. PSALM filed its closing Memorandum on February 7, 2025 and SPPC filed its Memorandum on February 18, 2025. In an Order dated March 7, 2025, the court considered the case as submitted for decision.

Although the proceedings before the RTC remain pending, the Ilijan Power Plant was turned over by PSALM to SPPC pursuant to the IPPA Agreement and the Deed of Sale executed between PSALM and SPPC on June 3, 2022.

3. Temporary Restraining Order (“TRO”) Issued to Meralco

On December 5, 2013, MERALCO wrote the ERC requesting for clearance and authority: (i) to collect a generation charge of ₱7.90 per kWh in its December 2013 billings to its customers for its generation cost for the month of November 2013; and (ii) to defer to February 2014 the recovery of the remaining ₱3 Billion, representing a portion of the generation costs for the November 2013 supply month which was not passed on to customers in December 2013, subject to the inclusion of the appropriate carrying charge. In response thereto, the ERC, in its letter dated December 9, 2013, granted MERALCO the authority to implement a staggered collection of its generation cost for the power supplied in November 2013. The ERC, however, did not approve Meralco’s request to recover the carrying costs and directed it to file a formal application for this instead.

On December 19, 2013, Petitioners Bayan Muna representatives, et al. filed a petition against the ERC and MERALCO questioning the increase in the generation cost for November 2013 supply month. On December 20, 2013, Petitioner National Association of Electricity Consumers for Reforms (NASECORE) et al. filed a petition against the ERC, DOE and MERALCO assailing the automatic adjustment of generation cost. On December 23, 2013, the SC issued a resolution consolidating both petitions and issued a TRO enjoining: (i) the ERC from implementing its letter dated December 9, 2013, and (ii) Meralco from increasing the rates it charged to its consumers based on its letter dated December 5, 2013.

As a result, Meralco was constrained to fix its generation rate to its October 2013 level of ₱5.67 per kilowatt hours (kWh). The TRO originally had a period of 60 days.

On January 8, 2014, Meralco filed its Consolidated Comment/Opposition with Counter-Petition (the “**Counter-Petition**”) which prayed, among others, for the inclusion of Sual Power Inc. (“**SPI**” and formerly known as San Miguel Energy Corporation), SPPC, San Roque Hydropower Inc. (“**SRHI**” and formerly known as Strategic Power Devt. Corp.), Masinloc Power Company Limited (“**MPCL**” and formerly Masinloc Power Partners Company Limited) and several generators as respondents to the case. On January 10, 2014, the SC issued an Order treating the Counter-Petition as in the nature of a third-party complaint and granting the prayer to include SPI, SPPC, SRHI and MPCL as respondents in the Petition.

On February 18, 2014, the SC extended the TRO issued on December 23, 2013 for another 60 days or until April 22, 2014 and granted additional TROs enjoining the Philippine Electricity Market Corporation (“**PEMC**”) and the generators from demanding and collecting the deferred amounts. In a Resolution dated April 22, 2014, the SC extended indefinitely the effectivity of the TROs issued on December 23, 2013 and February 18, 2014.

In the Petition filed by special interest groups, the SC was made aware of the order of the ERC dated March 3, 2014 (the “**March 3, 2014 ERC Order**”) (as defined and discussed under “ERC Order Voiding WESM Prices”), in which the ERC declared void the WESM prices during the November and December 2013 supply months and imposed regulated prices in their stead. The March 3, 2014 ERC Order likewise directed PEMC to: (a) calculate these “regulated prices” based on a formula identified by the ERC as representative of 2013 market prices under normalized conditions and (b) to collect the same from the WESM participants involved.

A decision was promulgated by the Supreme Court En Banc on August 3, 2021 (the “**SC Decision**”) affirming the December 9, 2013 ERC letter which approved the staggered imposition by Meralco of its generation rate for November 2013 from its consumers and declared as null and void the March 3, 2014 ERC Order.

On July 26, 2022, the special interest groups sought reconsideration of the SC Decision by filing separate Motions for Reconsideration where they prayed that the SC Petition be granted. The ERC likewise filed a Motion for Partial Reconsideration of the SC Decision and sought the reinstatement of the March 3, 2014 ERC Order, among others.

These motions were denied with finality by the Supreme Court En Banc, in its resolution dated October 11, 2022, which also directed the entry of judgment of the SC Decision be made immediately. On January 4, 2023,

the external counsel of SPPC, SPI and SRHI received a copy of the Entry of Judgement from the Supreme Court En Banc dated October 11, 2022, while the external counsel of MPCL received a copy of the same on January 5, 2023.

With this, the relevant subsidiaries, namely, SPI, SPPC, and MPCL are pursuing the implementation of the SC Decision.

4. ERC Order Voiding WESM Prices

Relative to the above-cited Petition, on December 27, 2013, the Department of energy (“DOE”), ERC, and PEMC, acting as a tripartite committee, issued a joint resolution setting a reduced-price cap on the WESM of ₱32/kWh. The price was set to be effective for 90 days until a new cap is decided upon.

On March 3, 2014, the ERC, issued an order declaring the November and December 2013 Luzon WESM prices void, imposed the application of regulated prices, and mandated PEMC, the operator of the WESM, to calculate and issue adjustment bills using recalculated price (the “**March 3, 2014 ERC Order**”). Subsequent orders were issued by the ERC setting the period for compliance of the March 3, 2014 ERC Order (collectively together with the March 3 2014 Order, the “2014 ERC Orders”). Based on these orders, SPI and SRHI recognized a reduction in the sale of power while MPCL, San Miguel Electric Corp. (SMELC) and SPPC recognized a reduction in its power purchases. Consequently, a payable and receivable were also recognized for the portion of over-collection or over-payment, the settlement of which have been covered by a 24-month Special Payment Arrangement with PEMC which was already completed on May 25, 2016.

SPI, SPPC, SRHI, and MPCL filed various pleadings requesting ERC for the reconsideration of the March 3, 2014 ERC Order. Other generators also requested the Supreme Court to stop the implementation of the March 3, 2014 ERC Order. The ERC denied the motions for reconsideration filed by the generators.

On June 26, 2014, SPI, SPPC and SRHI filed with the CA a Petition for Review assailing the **2014 ERC Orders**, while MPCL filed its Petition for Review with the CA on December 12, 2014.

After consolidating the cases, the CA, in its decision dated November 7, 2017 (the “**November 7, 2017 Decision**”), granted the Petition for Review filed by SPI, SPPC, SRHI, and MPCL, declared the 2014 ERC Orders null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months of November to December 2013.

After the filing of several motions for reconsideration of the various intervenors, the CA, on March 29, 2019, issued an Omnibus Resolution affirming the November 7, 2017 Decision.

The intervenors thereafter filed petitions for certiorari before the Supreme Court, First Division, but each was denied by the SC. Entries of judgment have been issued by the SC certifying that the resolutions denying the Petitions for Review on Certiorari filed by various intervenors against SPI, SPPC, SRHI and MPCL, among others, have become final and executory.

The ERC and Meralco also filed separate Petitions for Review appealing the November 7, 2017 Decision and Omnibus Resolution dated March 29, 2019 of the CA, which nullified and set aside the 2014 ERC Orders, declaring the WESM prices for November and December 2013 void.

In a Resolution dated November 4, 2020, the SC directed the consolidation of the separate petitions filed by the ERC and Meralco considering that said cases involve the same parties, raise the same issues, and assail the same decision and resolution, and the transfer of the Meralco Petition to the third division of the SC handling the petition by the ERC.

The ERC has also filed its Consolidated Reply to the comments on its petition dated November 18, 2020.

The SC has not yet promulgated a decision. However, on August 3, 2021, a decision was rendered by the SC En Banc in a separate case (as discussed under “Temporary Restraining Order (TRO) Issued to Meralco”) declaring the March 3, 2014 ERC Order as null and void which is the subject of the aforementioned Petition. Considering that this decision of the SC En Banc (“**Separate SC Decision**”) covers the March 3, 2014 ERC Order, the difference

between the actual Luzon WESM prices and the regulated prices (based on the March 3, 2014 ERC Order) for WESM sales and purchases by SPI, SPPC, SRHI, SMELC and MPCL amounting to up to ₱2,321,785 will have to be settled with the IEMOP.

5. Claim for Price Adjustment on the Meralco Power Sale Agreements

On October 22, 2019, SPI and SPPC each filed before the ERC a Joint Application with Meralco for the approval of their respective PSA with Meralco with prayer for provisional authority (the “**Application**”). The PSA of SPPC covers the supply of 670 MW baseload capacity to Meralco (“**SPPC PSA**”) while the PSA of SPI covers the supply of 330 MW baseload capacity to Meralco (“**SPI PSA**”) both for a period of ten (10) years (collectively, the “**PSAs**”). The PSAs were awarded by Meralco to each of SPPC and SPI after they emerged as the winning bidders in the competitive selection process conducted by Meralco in September 2019.

On March 16, 2020, the ERC released Orders both dated December 10, 2019, granting provisional authority to implement the SPPC PSA and SPI PSA.

On May 11, 2022, each of SPPC and SPI filed a Joint Motion for Price Adjustment with Meralco (the “**Joint Motion**”) seeking approval from the ERC to temporarily increase the contract price under the SPPC PSA and SPI PSA for a period of six (6) months, to recover incremental fuel costs covering January to May 2022 billing periods arising from a Change in Circumstances (as defined in the PSAs) to be collected over a period of 6 months.

On September 29, 2022, the ERC denied the foregoing Joint Motions filed by each of SPPC and SPI with Meralco requesting for the proposed price adjustments (the “**September 29, 2022 ERC Orders**”).

i. SPPC CA Petition

On November 10, 2022, SPPC filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPPC (the “**SPPC CA Petition**”).

In a Resolution dated November 23, 2022, the 14th Division of the CA granted SPPC’s application for a 60-day TRO, conditioned upon the posting of a bond in the amount of P50 million (the “TRO Bond”). The CA later issued a TRO on December 2, 2022, after posting by SPPC of the TRO Bond, and the writ of preliminary injunction for the SPPC CA Petition on February 23, 2023.

On July 10, 2023, SPPC received the CA’s Joint Decision dated June 27, 2023 (the “June 27, 2023 CA Decision”) which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of WPI] and for SPI, from June 2022 to the date of the finality of the Joint Decision); and (iii) made permanent the writ of preliminary injunction issued in favor of SPPC.

On January 16, 2024, SPPC received, through its external counsel, a copy of the Resolution issued by the CA dated December 28, 2023 denying the separate Motions for Reconsideration filed by NASECOR and the ERC. The June 27, 2023 CA Decision was later on confirmed by the SC in a Resolution dated April 3, 2024 which denied the ERC’s Petition for Review on Certiorari “for failure of petitioner [ERC] to sufficiently show that the CA committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court’s discretionary appellate jurisdiction.” ERC’s Motion for Reconsideration of the SC Resolution was also denied with finality in another SC Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPPC filed on October 10, 2024 its Motion for Issuance of Writ of Execution with the ERC to enforce the June 27, 2023 CA Decision. The motion is pending with the ERC to date.

On February 6, 2025, SPPC filed a Motion to Resolve (re: Motion for Issuance of Writ of Execution) with the ERC. On March 11, 2025, SPPC also filed with the CA a Motion to Direct the Court of Origin to Issue Writ of Execution to compel the ERC to issue writs of execution on the June 27, 2023 CA Decision.

On July 11, 2025, SPI received a copy of the CA's Resolution dated June 27, 2025, which among others partially granted their respective motions and directed the ERC to act on their motions immediately and without further delay. Pursuant thereto, the ERC directed the parties to submit pertinent documents in support of the June 27, 2023 CA Decision, which have yet to be submitted as of date.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPPC issued a Notice of CIC on August 18, 2023, informing Meralco of its request for price adjustments for the period May 26, 2022 to December 6, 2022 and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the SPPC PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPPC's right to the adjustment in the Contract Price as a result of the CIC under the SPPC PSA and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPPC filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period May 26, 2022 to December 6, 2022 pursuant to the SPPC PSA (the "2nd SPPC CIC Claim"), with its claims anchored on essentially the same legal bases established or ruled on by the CA in its Joint Decision and confirmed by the SC with finality. The ERC directed SPPC to submit pertinent documents in support of its motion, which remain pending submission to date.

ii. SPI CA Petition

On November 10, 2022, SPI also filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPI (the "**SPI CA Petition**"). This was raffled to the CA 17th Division which was subsequently transferred to the CA 16th Division.

On November 24, 2022, SPI filed an Urgent Motion for Consolidation of the instant Petition with the SPPC CA Petition pending before the 13th Division of the CA.

On January 26, 2023, SPI received the Resolution dated January 13, 2023 of the CA 16th Division which (i) denied SPI's prayer for the issuance of a TRO and/or writ of preliminary injunction, and (ii) granted the consolidation of the SPI CA Petition with the SPPC CA Petition. The SPI CA Petition was thus consolidated with the SPPC CA Petition before the CA 13th Division.

On July 10, 2023, SPI received the CA's Joint Decision dated June 27, 2023 (the "June 27, 2023 CA Decision") which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of WPI] and for SPI, from June 2022 to the date of the finality of the Joint Decision); and (iii) denied SPI's Motion for Partial Reconsideration of the January 13, 2023 CA Resolution and its application for the issuance of a writ of preliminary injunction for being moot and academic. On January 16, 2024, SPI received, through its external counsel, a copy of the Resolution issued by the CA dated December 28, 2023, denying the separate Motions for Reconsideration filed by NASECORE and the ERC.

The June 27, 2023 CA Decision was later on confirmed by the SC in a Resolution dated April 3, 2024, and received on May 21, 2024, which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the Court of Appeals committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." ERC's Motion for Reconsideration of the SC Resolution was denied with finality in an SC Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPI filed on October 10, 2024 its Motion for Issuance of Writ of Execution with the ERC to enforce the June 27, 2023 CA Decision. The motion is pending with the ERC to date.

On February 6, 2025, SPI filed a Motion to Resolve (re: Motion for Issuance of Writ of Execution) with the ERC. On March 11, 2025, SPI also filed with the CA a Motion to Direct the Court of Origin to Issue Writ of Execution to compel the ERC to issue writs of execution on the June 27, 2023 CA Decision.

On July 11, 2025, SPI received a copy of the CA's Resolution dated June 27, 2025, which among others partially granted their respective motions and directed the ERC to act on their motions immediately and without further delay. Pursuant thereto, the ERC directed the parties to submit pertinent documents in support of the June 27, 2023 CA Decision, which have yet to be submitted as of date.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPI issued a Notice of CIC on August 18, 2023, informing Meralco of its request for price adjustments for the period June 2022 to July 2023, and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPI's right to the adjustment in the Contract Price as a result of the CIC under the SPI PSA, and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPI filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period June 2022 to July 2023 pursuant to the SPI PSA (the "2nd SPI CIC Claim"), with its claims anchored on essentially the same legal bases established or ruled on by the CA in its Joint Decision and confirmed by the SC with finality. The ERC directed SPI to submit pertinent documents in support of its motion, which remain pending submission to date.

In view of the dilution of the Parent Company's equity interest in SPPC from 100% to 33%, SPPC assigned in favor of the Parent Company all of its rights of action under the case relating to the Generation Payments to PSALM and the claims for contract price adjustments from Meralco, and the Parent Company assumed all obligations of SPPC in relation to the cases involving the TRO Issued to Meralco and ERC Voiding WESM Prices, pursuant to the terms of the agreements executed on March 1, 2024 and January 15, 2025 with relevant parties.

6. SMGP Meralco Share Dispute with LBP

On November 16, 2022, the Company was advised by the counsel of record of San Miguel Global Power Holdings Corp. ("**SMGP**") that the Court of Appeals (CA) promulgated a decision, dated November 3, 2022, in favor of SMGP denying the appeal of the Land Bank of the Philippines ("**LBP**") and affirming the Decision of the Regional Trial Court, dated March 18, 2021. The motion for reconsideration of the LBP was likewise denied through a resolution dated March 20, 2023, a copy of which was received by the office of the counsel of record of SMGP, Atty. Estelito P. Mendoza, on April 12, 2023, and consequently SMGP on April 13, 2023.

On November 29, 2023, SMGP was informed by the counsel that it received on November 28, 2023 a Resolution issued by the Supreme Court, dated August 9, 2023, denying the Petition for Review on Certiorari of the LBP, Cesar V. Purisima, Proceso J. Alcala, Rosalinda D. Baldoz, Crispino T. Aguelo, Domingo I. Diaz, Tomas T. De Leon, Jr., and Victor Gerardo J. Bulatao ("**LBP, et al.**") with respect to the Decision and Resolution of the Court of Appeals, dated November 3, 2022 and March 20, 2023, as described in the immediately preceding paragraph. Their motion for reconsideration was denied on April 17, 2024.

The Supreme Court subsequently issued another Resolution, dated February 14, 2024, denying a separate petition for certiorari filed other petitioners Gilda E. Pico and Virgilio De Los Reyes (G.R. Nos. 266845 and 266923) against the Decision and Resolution dated November 2, 2022 and March 20, 2023 of the Court of Appeals.

SMGP was informed on November 19, 2024 that the Supreme Court issued a Certification of Entry of Judgment for G.R. No. 266540 with respect to the LBP et al petition per Resolution of August 9, 2023 and finality on April 17, 2024. This Resolution was received by counsel on November 18, 2024.

Finally, SMGP was likewise informed on May 20, 2025 that counsel received on May 19, 2025 a Resolution promulgated on March 5, 2025 that the motion for reconsideration of petitioner delos Reyes was denied, and that the Supreme Court ordered an entry of judgment with respect to G.R. Nos. 266845 and 266923.

With the entry of judgement on the denial of the petitions filed with the Supreme Court, the decision of the RTC Branch 212 of Mandaluyong City, dated March 18, 2021, has been affirmed with finality.

To resolve the dispute between the parties, LBP conveyed to SMGP 46,596,596.00 shares of Manila Electric Company (“**Meralco**”) at the price of Php90 per share in accordance with the terms and conditions of the Deed of Absolute Sale executed between LBP and SMGP.

On July 23, 2025, August 22, 2025, and September 22, 2025, San Miguel Global Power purchased 43,229,796 common shares, 1,034,624 common shares, and 670,190 common shares of Manila Electric Company (“**Meralco**”), respectively, from Land Bank of the Philippines through a special block sale crossed through the Philippine Stock Exchange, by virtue of the Deed of Absolute Sale of Shares executed by the parties.

SELECTED FINANCIAL INFORMATION

The summary financial and operating information of SMC presented below, as of and for the years ended December 31, 2022, 2023, and 2024, were derived from the consolidated financial statements of SMC audited by R.G. Manabat & Co. (formerly Manabat Sanagustin & Co.) and prepared in compliance with the Philippine Financial Reporting Standards (PFRS). The information should be read in conjunction with the consolidated financial statements of SMC and the related notes thereto, which are included in Appendix A of this Offer Supplement. The historical financial condition, results of operations and cash flows of SMC are not a guarantee of its future operating and financial performance.

Potential investors should read the following data together with the more detailed information contained in "Management's Discussion and Analysis of Results of Operations" and the consolidated financial statements and related notes included elsewhere in this Offer Supplement. The following data is qualified in its entirety by reference to all of that information.

Consolidated Statement of Income

<i>(in Millions)</i>	i)	FOR THE YEARS ENDED DECEMBER 31		
		2024	2023	2022
SALES		₱1,575,379	₱1,446,703	₱1,506,591
COST OF SALES		1,312,027	1,208,410	1,314,607
GROSS PROFIT		263,352	238,293	191,984
SELLING AND ADMINISTRATIVE EXPENSES		(102,536)	(93,808)	(83,972)
INTEREST EXPENSE AND OTHER FINANCING CHARGES		(99,413)	(91,303)	(60,795)
INTEREST INCOME		14,704	14,027	7,108
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES		2,364	1,729	1,197
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT		2,175	83	733
OTHER INCOME (CHARGES) - Net		(16,479)	4,086	(16,178)
INCOME BEFORE INCOME TAX		64,167	73,107	40,077
INCOME TAX EXPENSE		27,492	28,408	13,317
NET INCOME		₱36,675	₱44,699	₱26,760
Attributable to:				
Equity holders of the Parent Company		(₱7,411)	P198	(P12,968)
Non-controlling interests		44,086	44,501	39,728
		₱36,675	₱44,699	₱26,760
Basic and Diluted Earnings (Loss) Per Common Share Attributable to Equity Holders of the Parent Company		(₱7.10)	(P2.51)	(P8.15)

Consolidated Statement of Financial Position

<i>(in Millions)</i>	December 31		
	2024	2023	2022
ASSETS			

Current Assets			
Cash and cash equivalents	₱293,677	₱261,358	₱318,214
Trade and other receivables - net	266,981	263,119	238,782
Inventories	178,355	161,986	190,193
Current portion of biological assets - net	3,241	3,515	3,418
Prepaid expenses and other current assets	158,180	141,424	133,691
Total Current Assets	900,434	831,402	884,298
Noncurrent Assets			
Investments and advances - net	52,948	37,089	32,523
Investments in equity and debt instruments	21,050	19,417	18,921
Property, plant and equipment - net	891,450	753,472	708,192
Right-of-use assets - net	43,302	108,014	112,067
Investment property - net	87,909	79,513	74,660
Biological assets - net of current portion	2,652	2,667	2,671
Goodwill - net	184,994	182,791	184,100
Other intangible assets - net	340,496	306,638	249,321
Deferred tax assets	22,045	19,633	22,554
Other noncurrent assets - net	129,650	118,729	102,518
Total Noncurrent Assets	1,776,496	1,627,963	1,507,527
	₱2,676,930	₱2,459,365	₱2,391,825

LIABILITIES AND EQUITY

Current Liabilities			
Loans payable	₱293,230	₱214,881	₱267,704
Accounts payable and accrued expenses	289,038	223,055	227,126
Lease liabilities - current portion	11,736	19,631	21,020
Income and other taxes payable	43,628	46,254	37,694
Dividends and distributions payable	5,160	4,605	4,037
Current maturities of long-term debt - net of debt issue costs	94,123	236,798	170,032
Total Current Liabilities	736,915	745,224	727,613
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	1,173,146	953,786	918,164
Lease liabilities - net of current portion	30,809	36,941	54,455
Deferred tax liabilities	34,861	29,503	26,297
Other noncurrent liabilities	24,758	28,745	26,144
Total Noncurrent Liabilities	1,263,574	1,048,975	1,025,060

	2024	2023	2022
Equity			
Equity Attributable to Equity Holders of the Parent Company			
Capital stock - common	₱16,443	₱16,443	₱16,443
Capital stock - preferred	10,187	10,187	10,187
Additional paid-in capital	177,442	177,468	177,719
Capital securities	24,211	24,211	24,211
Equity reserves	(5,275)	7,354	12,753

Retained earnings:			
Appropriated	79,849	87,170	71,004
Unappropriated	89,413	103,151	129,239
Treasury stock	(109,763)	(109,763)	(156,763)
	282,507	316,221	284,793
Non-controlling Interests	393,934	348,945	354,359
Total Equity	676,441	665,166	639,152
	₱2,676,930	₱2,459,365	₱2,391,825

Consolidated Statement of Cashflows for the Years Ended December 31, 2024, 2023 and 2022 (In Millions)

	Note	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱64,167	₱73,107	₱40,077
Adjustments for:				
Interest expense and other financing charges	30	99,413	91,303	60,795
Depreciation, amortization and others - net	13, 14, 15, 17, 18, 28, 32	59,360	57,621	50,608
Loss (gain) on foreign exchange - net	32	20,956	(4,188)	19,494
Interest income	31	(14,704)	(14,027)	(7,108)
Equity in net earnings of associates and joint ventures	11	(2,364)	(1,729)	(1,197)
Gain on sale of investments and property and equipment	5, 13, 15, 18	(2,175)	(83)	(733)
Operating income before working capital changes		224,653	202,004	161,936
Changes in noncash current assets, certain current liabilities and others	38	(176)	(5,386)	(93,769)
Cash generated from operations		224,477	196,618	68,167
Interest and other financing charges paid		(99,203)	(91,995)	(60,910)
Income taxes paid		(23,687)	(21,527)	(19,650)
Net cash flows provided by (used in) operating activities		101,587	83,096	(12,393)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property, plant and equipment	13	(76,707)	(71,173)	(75,986)
Intangible assets	17	(40,379)	(64,677)	(58,162)
Investments and advances	11	(16,475)	(5,271)	(2,432)
Contract assets	18	(12,166)	(6,571)	(2,899)
Investment property	15	(9,985)	(5,450)	(4,415)
Advances to contractors and suppliers	18	(5,631)	(9,448)	(11,449)
Investments in equity and debt instruments	12	(2,107)	(616)	(12,937)

Increase in other noncurrent assets and others	18	(5,133)	(9,128)	(3,431)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	5, 38	(1,040)	-	(97,204)
Interest received		13,623	13,396	5,973
Net proceeds of:				
Disposal of subsidiaries, net of cash and cash equivalents disposed of	5	2,537	418	385
Redemption and disposal of investments in equity and debt instruments	12	1,384	606	35,454
Sale of property and equipment and other intangible assets	13, 15, 18	1,168	1,307	253
Dividends received	11	1,510	1,150	2,452
Collection of advances for investment	11	-	-	22,870
Net cash flows used in investing activities		(149,401)	(155,457)	(201,528)

	Note	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of:				
Short-term borrowings	38	₱1,334,679	₱1,145,761	₱1,148,669
Long-term borrowings	38	357,390	292,879	353,451
Payments of:				
Short-term borrowings	38	(1,256,795)	(1,197,861)	(1,074,087)
Long-term borrowings	38	(309,435)	(190,822)	(115,948)
Net proceeds of issuance of preferred shares and capital securities and reissuance of treasury shares of subsidiaries	24	81,203	13,885	-
Increase (decrease) in non-controlling interests' share in the net assets of subsidiaries and others	24	853	(3,014)	(2,630)
Repurchase of capital securities and redemption of preferred shares of subsidiaries	24	(58,443)	(27,134)	(4,703)
Cash dividends and distributions paid to non-controlling shareholders	38	(38,527)	(35,102)	(32,443)
Payments of lease liabilities	38	(20,195)	(20,995)	(26,031)
Cash dividends and distributions paid	36, 38	(12,401)	(9,043)	(9,680)
Share issuance costs from reissuance of treasury shares	24	(26)	-	-
Net proceeds of reissuance of treasury shares	24	-	46,749	-
Redemption of preferred shares	24	-	-	(12,300)
Net cash flows provided by financing activities		78,303	15,303	224,298
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		1,830	202	7,807

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,319	(56,856)	18,184
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7 261,358	318,214	300,030
CASH AND CASH EQUIVALENTS AT END OF YEAR	7 ₱293,677	₱261,358	₱318,214

See Notes to the Consolidated Financial Statements.

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Corporation ("SMC" or "Parent Company") and its subsidiaries (collectively referred to as the "Group") as at and for the period ended June 30, 2025 (with comparative figures as at December 31, 2024 and for the period ended June 30, 2024). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as at June 30, 2025, and for all the other periods presented, have been made. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. 2025 SIGNIFICANT TRANSACTIONS

The following are the major developments in 2025:

INVESTING ACTIVITIES**Joint Investments with Manila Electric Company (Meralco) and Aboitiz Power Corporation (AboitizPower) into the Country's First Integrated Liquefied Natural Gas (LNG)-to-Power Facility Projects in Batangas City**

On March 1, 2024, Meralco PowerGen Corporation (MGen, a subsidiary of Meralco) and Therma NatGas Power, Inc. (TNGP, a subsidiary of AboitizPower), through their jointly owned entity, Chromite Gas Holdings Inc. (CGHI), have entered into binding agreements with San Miguel Global Power Holdings Corp. (San Miguel Global Power) and its relevant subsidiaries, for MGen and TNGP to jointly invest for a 67% equity interest in San Miguel Global Power's gas-fired power plants, namely: (i) the brownfield 1,278 megawatts (MW) Ilijan Power Plant owned by South Premiere Power Corp. (SPPC); (ii) the greenfield 1,320 MW Batangas Combined Cycle Power Plant (BCCPP) owned by Excellent Energy Resources Inc. (EERI); and (iii) land owned by Ilijan Primeline Industrial Estate Corp. (IPIEC) where the gas-fired power plant and related facilities of EERI as well as the Batangas LNG Terminal are located.

The transaction also involved the joint acquisition by CGHI and San Miguel Global Power of Linseed Field Corporation (LFC), the owner of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel for SPPC's Ilijan Power Plant and for EERI's BCCPP.

The transaction has customary closing conditions and has been issued the requisite regulatory approvals, including the review and approval of the Philippine Competition Commission (PCC). On May 17, 2024, Top Frontier Investment Holdings, Inc., the Ultimate Parent Company, filed its application for the approval of the transaction with the PCC. On December 23, 2024, PCC publicly disclosed its approval of the joint acquisition of power facilities and Batangas LNG Terminal by MGen, TNGP and San Miguel Global Power, subject to certain commitments from the parties aimed at ensuring fair competition and promoting transparency in the power industry.

On January 27, 2025, San Miguel Global Power completed the following transactions pursuant to the agreements executed on March 1, 2024 with CGHI:

- Investment by CGHI of 67% equity interests in SPPC, EERI and IPIEC; and
- Acquisition by CGHI and San Miguel Global Power of 67% and 32.98% equity interests, respectively, in LFC.

As a result of the transactions, San Miguel Global Power's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%, thereby resulting in a loss of control and deconsolidation of the assets and liabilities of the three subsidiaries. The 33% equity interests retained in SPPC, EERI and IPIEC were recognized at fair market value, totaling to P52,706 million, included as part of "Investments in shares of stock of associates" under "Investments and advances - net" account, in the consolidated statement of financial position as at June 30, 2025. The revaluation of the investment in SPPC, EERI and IPIEC resulted in a gain amounting to P21,933 million, included as part of "Other income (charges) - net" account, in the consolidated statement of income for the period ended June 30, 2025.

Total consideration paid by San Miguel Global Power for the acquisition of 32.98% equity interest in LFC amounted to P4,340 million, included as part of “Investments in shares of stock of associates” under “Investments and advances - net” account, in the consolidated statement of financial position as at June 30, 2025.

Subsequently, SPPC, EERI and IPIEC redeemed and paid their respective redeemable preferred shares issued to San Miguel Global Power at a redemption price totaling to P78,717 million. Consequently, San Miguel Global Power recognized a net gain on investments in equity instruments amounting to P22,262 million, presented under “Equity reserves” account in the consolidated statement of financial position as at June 30, 2025 and under “Net gain on financial assets at fair value through other comprehensive income” account in the consolidated statement of comprehensive income for the period ended June 30, 2025.

In 2025, the Group has undertaken various financing activities. The significant transactions are as follows:

AVAILMENT OF LONG-TERM DEBT

FOREIGN CURRENCY-DENOMINATED LOANS

▪ SMC

- a. On various dates in 2025, SMC drew a total of US\$61 million from the US\$2,165 million loan facility executed on March 31, 2022. The loan is subject to a floating interest rate and with a term of 13 years. The proceeds of the loan were used to fund the land development works of the Manila International Airport (MIA) Project in Bulacan.
- b. On May 8, 2025, SMC availed of a JPY61,600 million corporate notes, subject to a floating interest rate and with a term of up to five years. The proceeds of the loan are being used for general corporate purposes.

▪ San Miguel Global Power

On May 19, 2025, San Miguel Global Power availed of a total of US\$200 million term loan, subject to a floating interest rate and with maturities of up to May 2030. The proceeds of the loan were used to refinance the US\$100 million matured term loan drawn on May 24, 2022 and will be used for general corporate purposes, including advances for capital expenditures.

PESO TERM LOANS

▪ SMC Mass Rail Transit 7 Inc. (SMC MRT 7)

On various dates in 2025, SMC MRT 7 drew a total of P9,500 million from the P100,000 million Omnibus Loan and Security Agreement (OLSA) executed with various local banks on May 18, 2023. The loans are subject to a floating interest rate and with a term of 15 years. The proceeds of the loans are being used to partially finance the Mass Rail Transit 7 (MRT 7) Project.

▪ San Miguel Yamamura Packaging Corporation (SMYPC)

On January 30, 2025, SMYPC availed of a P5,000 million term loan, subject to a fixed interest rate and with a term of five years. The proceeds of the loan were used to partially refinance maturing obligations and fund general corporate requirements.

▪ Petron Corporation (Petron)

On February 28, 2025, Petron availed of a P5,000 million term loan, subject to a floating interest rate and with a term of five years. The proceeds of the loan were used to refinance the bridge loan availed on September 3, 2024, which had been used to fund working capital requirements and the payment of existing indebtedness.

▪ Mariveles Power Generation Corporation (MPGC)

On March 27, 2025, MPGC drew a total of P9,400 million from its OLSA executed with various local banks on December 17, 2024. The loan is subject to a fixed interest rate and is payable quarterly up to December 2034. The proceeds of the loan were used to finance the Mariveles Greenfield Power Plant Project.

▪ **San Miguel Brewery Inc. (SMB)**

On May 15, 2025, SMB availed of a P4,000 million term loan subject to a fixed interest rate and maturing in May 2030. The proceeds of the loan were used to refinance existing debt obligations.

▪ **SMC NAIAX Corporation (SMC NAIAX)**

On June 17, 2025, SMC NAIAX drew a total of P584 million from its P5,656 million OLSA with various banks executed on December 21, 2022. The term of the loan is for seven years and three months and is subject to a floating interest rate. The proceeds of the loan will be used to partially finance the construction and development of the NAIA Expressway (NAIAX) Tramo Extension and the NAIAX Westbound Off-Ramp to Terminal 3 Projects. The OLSA was fully drawn as at June 30, 2025.

PAYMENT OF FIXED RATE PESO-DENOMINATED BONDS

▪ **Series A Bonds by San Miguel Food and Beverage, Inc. (SMFB)**

On March 10, 2025, SMFB paid the P8,000 million Series A Fixed Rate Peso-denominated Bonds,
which formed part of the P15,000 million Series A and Series B Fixed Rate Peso-denominated Bonds, issued in
March 2020.

The payment was funded by the P4,000 million term loan subject to a floating interest rate and another P4,000 million term loan subject to a fixed interest rate. The loans were availed on March 7, 2025, with a term of seven years.

▪ **Series F Bonds by SMC**

On March 19, 2025, SMC paid the P2,439 million Series F Fixed Rate Peso-denominated Bonds which formed part of the third tranche of the P20,000 million Series E, Series F and Series G Fixed Rate Peso-denominated Bonds issued in March 2018.

The payment was funded by the proceeds of Series O and Series P Bonds issued in July 2024.

▪ **Series C Bonds by SMC SLEX Inc. (SMC SLEX)**

On May 22, 2025, SMC SLEX paid the P2,500 million Series C Fixed Rate Peso-denominated Bonds.
The Series C Bonds formed part of the P7,300 million Fixed Rate Bonds issued in May 2015.

The payment was funded by cash from operations and the net proceeds of P2,500 million term loan drawn on May 19, 2025. The loan is subject to a fixed interest rate with a term of seven years and six months.

PAYMENT OF PESO TERM LOAN BY SAN MIGUEL GLOBAL POWER

On May 28, 2025, San Miguel Global Power paid in full the balance of its P5,000 million term loan facility executed in May 2021, amounting to P4,825 million. The payment was funded by the proceeds of a short-term loan.

PAYMENT OF OTHER MATURING OBLIGATIONS

For the first half of 2025, the Group paid a total of P16,956 million of its other scheduled amortizations and maturing obligations funded by the proceeds of short-term loan facilities and from cash generated from operations.

ISSUANCE AND REDEMPTION OF SENIOR PERPETUAL CAPITAL SECURITIES (SPCS) BY SAN MIGUEL GLOBAL POWER

- a. On February 19, 2025, San Miguel Global Power completed the issuance of US\$100 million SPCS (the "Additional US\$100 million SPCS"), at an issue price of 100.503% of the principal amount, plus an amount corresponding to

accrued distributions from, and including, December 2, 2024 to, but excluding, February 19, 2025. The Additional US\$100 million SPCS was consolidated into and formed a single series with the US\$500 million SPCS issued on December 2, 2024, bringing the total securities to US\$600 million. The Additional US\$100 million SPCS are identical in all respects to the US\$500 million SPCS, except for the date of issuance and issue price.

The net proceeds will be used for the partial purchase, repurchase and/or redemption of the outstanding 7.00% SPCS issued in October and December 2020.

- b. In May 2025, San Miguel Global Power completed the redemption of the US\$113 million SPCS, pursuant to the terms and conditions of the securities. The US\$113 million SPCS is the remaining securities out of the US\$500 million SPCS issued in November 2019. The redemption price included the principal amount and any accrued but unpaid distributions up to, but excluding, the redemption date.

The US\$113 million SPCS were redeemed using part of the proceeds of the US\$500 million SPCS issued in December 2024.

ACQUISITION OF COMMON TREASURY SHARES BY PETRON

On March 18, 2025, Petron repurchased and held as treasury shares all of the 459,156,097 common shares held by Petron Corporation Employees' Retirement Plan via a block sale, based on the simple average of the three-day close prior to the execution date, aggregating to P1,119 million.

On various dates in July 2025, Petron repurchased a total of 2,623,000 common shares at an average price of P2.46 per share, pursuant to the common share buyback program approved by the Board of Directors (BOD) of Petron on March 4, 2025.

EVENTS AFTER THE REPORTING DATE

Parent Company

a. Approval by the SEC of the Amendments to the Articles of Incorporation

On July 7, 2025, the SEC approved the amendments to the Articles of Incorporation of the Parent Company, specifically:

1. the reclassification of the 904,752,537 common shares currently held as treasury shares, into Series "2" Preferred Shares held in treasury; and
2. the amendment of the authorized capital stock of SMC from P30,000 million with a par value of P5.00 per share or 6,000,000,000 shares divided into 3,790,000,000 common shares and 2,210,000,000 Series "2" Preferred Shares to 2,885,247,463 common shares and 3,114,752,537 Series "2" Preferred Shares.

Such amendments were approved by the BOD on January 16, 2025, and confirmed and ratified by the Stockholders of the Parent Company on March 27, 2025.

b. Redemption of SPCS

On July 29, 2025, the Parent Company redeemed all the outstanding US\$500 million SPCS under the US\$3,000 million Medium Term Note and Securities Programme (the "Redeemed Securities"). The Redeemed Securities were issued on July 29, 2020, with distribution rate of 5.5% per annum.

The redemption of US\$500 million SPCS was approved by the BOD of the Parent Company on June 10, 2025 and was funded by a bridge loan facility from a foreign bank.

c. Redemption of Series "2" Preferred Shares - Subseries "2-F" (SMC2F Preferred Shares) and Offer to Exchange Subseries "2-J" (SMC2J Preferred Shares) and Subseries "2-K" (SMC2K Preferred Shares)

On August 7, 2025, the BOD of the Parent Company approved the redemption of 223,333,500 SMC2F Preferred Shares on September 21, 2025 at a redemption price of P75.00 per share, together with any unpaid cash dividends.

On the same day, the BOD of the Parent Company approved the offer exchange to the holders of 266,666,667 SMC2J Preferred Shares and 183,904,900 SMC2K Preferred Shares (collectively, the “Exchange Share”) at a rate of one Exchange Share to one of any of the Series “2” Preferred Shares, to be reissued in three subseries namely Subseries “2-P”, Subseries “2-Q” and Subseries “2-R” which will be reissued from the treasury Series “2” Preferred Shares of the Parent Company. The holders of the SMC2J Preferred Shares and SMC2K Preferred Shares who opt not to avail of the exchange offer will receive their redemption proceeds on October 29, 2025 and December 10, 2025, respectively, at a redemption price of P75.00 per share.

Upon redemption, the SMC2F Preferred Shares, SMC2J Preferred Shares and SMC2K Preferred Shares shall not be considered retired and may be reissued by the Parent Company. The trading of the SMC2F Preferred Shares, SMC2J Preferred Shares and SMC2K Preferred Shares will be suspended upon redemption and may only be tradeable upon application by the Parent Company for lifting of trading suspension in the event the Parent Company decides to reissue it in the future, subject to compliance with the listing rules of the Philippine Stock Exchange (PSE).

d. Issuance of Series “2” Preferred Shares - Subseries “2-S”, Subseries “2-T” and Subseries “2-U”

On August 7, 2025, the BOD of the Parent Company authorized the public offering of P20,000 million worth of 266,666,667 Series “2” Preferred Shares, with an oversubscription option of up to P10,000 million worth of 133,333,334 Series “2” Preferred Shares, at an offer price of P75.00 per share to be issued in three subseries, namely Subseries “2-S”, Subseries “2-T” and Subseries “2-U”.

Petron

Issuance of Series G, Series H and Series I Fixed Rate Peso-denominated Bonds

On July 7, 2025, Petron issued and listed on the Philippine Dealing and Exchange Corp. a total of P32,000 million Fixed Rate Peso-denominated Bonds.

The bonds consist of: (i) P15,910 million Series G Bonds maturing in 2030 with an interest rate of 6.5945% per annum; (ii) P4,604 million Series H Bonds maturing in 2032 with an interest rate of 6.9761% per annum; and (iii) P11,486 million Series I Bonds maturing in 2035 with an interest rate of 7.3896% per annum.

The proceeds of the bond issuance shall be used for: (a) the payment of Series D and Series E Fixed Rate Peso-denominated Bonds, maturing on October 19 and October 12, 2025, respectively; (b) other existing indebtedness; and (c) for general corporate purposes.

San Miguel Global Power

a. Purchase of Common Shares of Meralco

On July 23, 2025 and August 22, 2025, San Miguel Global Power purchased 43,229,796 common shares and 1,034,624 common shares of Manila Electric Company (“**Meralco**”), respectively, at ₱90.00 per share from Land Bank of the Philippines through a special block sale crossed through the Philippine Stock Exchange, by virtue of the Deed of Absolute Sale of Shares executed by the parties.

b. Issuance of US\$400 Million SPCS

On July 24, 2025, San Miguel Global Power completed the issuance of US\$400 million SPCS (the “US\$400 million SPCS”), at an issue price of 100%, with an initial rate of distribution of 8.95% per annum. The issuance consists of US\$223 million in aggregate principal amount of SPCS (the “Concurrent Exchange Offers”) issued in exchange for the 7.00% SPCS issued on October 21 and December 15, 2020 and 5.70% SPCS issued on January 21, 2020 (collectively, the “Existing Securities”), and US\$177 million in aggregate principal amount of new securities (the “Additional New Securities”). The US\$400 million SPCS was listed on the Singapore Exchange Securities Trading Limited on July 25, 2025.

The net proceeds from the issuance of the US\$400 million SPCS will be applied to the following: (i) costs and expenses related to the Concurrent Exchange Offers, including payment of accrued distribution amount in respect of the Existing Securities accepted for exchange pursuant to the terms and conditions of the Concurrent Exchange Offers; (ii) costs and expenses related to the issuance of the Additional New Securities; (iii) purchase, repurchase and/or redemption of all remaining outstanding Existing Securities following the Concurrent Exchange Offers; and (iv) for pre-development costs of solar and hydropower energy projects, and capital expenditures related to battery energy storage system (BESS) projects.

c. Issuance of US\$115 Million SPCS

On August 11, 2025, San Miguel Global Power completed the issuance of US\$115 million SPCS (the “US\$115 million SPCS”) at an issue price of 100% plus an amount corresponding to accrued distribution from and including July 24, 2025 to, but excluding, August 11, 2025.

The US\$115 million SPCS is consolidated into and formed a single series with the US\$400 million SPCS issued on July 24, 2025, bringing the total securities to US\$515 million. The US\$400 million SPCS and US\$115 million SPCS are identical in all respects, except for the date of issuance and issue price.

San Miguel Global Power intends to apply the net proceeds towards: (i) the partial purchase, repurchase and/or redemption of the remaining outstanding 7.00% SPCS issued on October 21 and December 15, 2020 and 5.70% SPCS issued on January 21, 2020; and (ii) for pre-development costs of solar and hydropower energy projects and capital expenditures related to BESS projects.

II. FINANCIAL PERFORMANCE

2025 vs. 2024

(Amounts in Millions)	For the Periods Ended June 30		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Sales	P718,205	P789,021	(P70,816)	(9%)	100%	100%
Cost of sales	(583,338)	(655,195)	(71,857)	(11%)	(81%)	(83%)
Gross profit	134,867	133,826	1,041	1%	19%	17%
Selling and administrative expenses	(47,209)	(48,737)	(1,528)	(3%)	(7%)	(6%)
Operating income	87,658	85,089	2,569	3%	12%	11%
Interest expense and other financing charges	(48,929)	(47,645)	1,284	3%	(7%)	(6%)
Interest income	7,842	7,324	518	7%	1%	1%
Equity in net earnings of associates and joint ventures	5,139	1,237	3,902	315%	1%	0%
Gain on sale of investments and property and equipment	866	58	808	1393%	0%	0%
Other income (charges) - net	31,653	(24,387)	56,040	230%	4%	(3%)
Income before income tax	84,229	21,676	62,553	289%	11%	3%
Income tax expense	(17,462)	(8,098)	9,364	116%	(2%)	(1%)
Net Income	P66,767	P13,578	P53,189	392%	9%	2%
Net income (loss) attributable to:						

Equity holders of the Parent						
Company	P40,780	(P8,703)	P49,483	569%	6%	(1%)
Non-controlling interests	25,987	22,281	3,706	17%	3%	3%
Net Income	P66,767	P13,578	P53,189	392%	9%	2%

The Group's consolidated sales for the first half of 2025 amounted to P718,205 million, reflecting a 9% decline compared to the same period last year. The decrease was primarily due to: (a) lower sales volume and average selling prices of Petron; (b) lower sales of the Energy business following the deconsolidation of SPPC effective January 27, 2025, as well as lower spot rates and realization prices due to continued softening of coal prices; and (c) to a lesser extent, lower sales of SMB and the Cement business. The decrease was partially offset by the strong performance of the Food division and Ginebra San Miguel Inc. (GSMI), driven by higher average selling prices and volumes, as well as steady traffic growth and price increase of the Infrastructure business.

The Group's cost of sales decreased by P71,857 million or 11% mainly due to: (a) Petron on account of decrease in volume sold and lower average cost per liter of petroleum products; and (b) the Energy business on account of: (i) the deconsolidation of SPPC; (ii) lower pass-on fuel cost of Sual Power Inc., Limay Power Inc. and Masinloc Power Co. Ltd. (MPCL) as a result of the decrease in global coal prices in 2025, partially offset by the costs of the BCCPP of EERI prior to its deconsolidation and full six months operations of Units 1, 2, 3 and 4 of MPGC.

The increase in interest income by P518 million was primarily due to higher average balance of cash and cash equivalents of the Energy business, partially offset by the lower average balance of short-term placements of the Infrastructure business.

The increase in equity in net earnings of associates and joint ventures by P3,902 million was mainly due to the share in the net income of SPPC, EERI and IPIEC for about five months.

The increase in gain on sale of investments and property and equipment by P808 million pertains mainly to the disposal of transportation equipment and land.

Other income - net of P31,653 million was a turnaround from the other charges - net of P24,387 million in 2024. This mainly pertains to the P21,933 million gain recognized from the fair valuation of the residual 33% ownership interests in SPPC, EERI and IPIEC and the gain on foreign exchange of P11,797 million in 2025, compared to the foreign exchange loss recognized in the same period in 2024 mainly from the revaluation of foreign currency-denominated long-term debt of SMC, the Energy business and Petron. In June 2025, the Philippine Peso appreciated by P1.515 against the United States (US) Dollar, while it depreciated by P3.24 in the same period last year.

The increase in income tax expense by P9,364 million mainly pertains to the deferred income tax on unrealized gains from the revaluation of foreign currency-denominated long-term debt, which was a turnaround from income tax benefit in the same period in 2024 mainly from unrealized losses on the revaluation of foreign currency-denominated long-term debt of SMC.

Consolidated net income significantly increased to P66,767 million in the first half of 2025, from P13,578 million in the same period in 2024. The increase was primarily driven by: (a) gain recognized from the fair valuation of the investment in SPPC, EERI and IPIEC following the dilution of San Miguel Global Power's ownership interest from 100% to 33%; and (b) gain on foreign exchange in the first half of 2025, compared to loss in the same period last year.

Net income attributable to equity holders of the Parent Company of P40,780 million was a turnaround from the net loss of P8,703 million in the comparative period in 2024. This was primarily due to higher consolidated net income, partially offset by the increase in the share of non-controlling interests (NCI) on the Group's net income.

The increase in the net income attributable to NCI by P3,706 million was mainly due to the distribution on Redeemable Perpetual Securities of San Miguel Global Power.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

SMFB delivered strong results for the first half of 2025, with consolidated net sales reaching P201,200 million, a 4% increase from last year.

This topline growth, combined with effective cost management and a better sales mix, lifted consolidated income from operations by 13% to P30,041 million. Consolidated net income rose by 15% to P22,964 million.

a) Beer and Non-Alcoholic Beverages (NAB) Division

SMB delivered consolidated revenues of P74,588 million for the first half of the year, 1% lower than last year. The second quarter showed a turnaround with positive growth, supported by the domestic price increase implemented in September 2024.

Consolidated operating income rose by 2% to P16,214 million, driven by better pricing and lower raw material costs. Consolidated net income improved by 3% to P12,984 million from P12,563 million a year ago.

Domestic Operations

SMB's domestic operations revenues reached P66,332 million, down by 1% from last year. The softer performance was due to weaker economic and discretionary spending. To offset these challenges, SMB intensified its volume-generating and brand-building programs.

International Operations

SMB's international operations performed strongly, with revenues of US\$145 million, up by 2% from last year. Growth was driven by improved volumes in South China and stronger brand sales in Vietnam.

b) Spirits Division

For the first half of 2025, GSMI delivered a strong performance, navigating a challenging local spirits market. Consolidated net sales increased by 7% to P32,235 million, driven by higher selling prices and the continued strength of the brand portfolio. A modest increase in volume, helped lift the market share, reinforcing the leadership position in the industry.

Growth was led by *Ginebra San Miguel*, supported by notable gains from *Vino Kulafu* and *Primera Light Brandy*. These results reflect the disciplined brand-building approach, combining nationwide campaigns, targeted digital initiatives to connect with emerging consumer segments, and high-impact on-ground activations during the summer and fiesta season.

Consolidated income from operations rose by 12% to P4,952 million, while consolidated net income grew by 16% to P4,247 million.

c) Food Division

The Food division sustained its growth momentum in the first half of the year, with revenue, operating income, and net income all surpassing last year's results.

Consolidated revenues reached P94,379 million, up by 7% from the same period in 2024. This was fueled by volume growth in most businesses and favorable pricing for chicken and branded products.

Consolidated operating income rose by 41% to P8,648 million, driven largely by Poultry's strong performance, tailwinds from lower raw material prices, and improved efficiencies in the company-owned facilities. As a result, consolidated net income surged by 53% to P5,994 million.

The Protein segment delivered a mid-teens increase in revenue, supported by favorable chicken prices and strong demand from food service chains and supermarkets. These gains more than offset the continued weakness in Fresh Meats, which remains challenged by African Swine Fever.

The Animal Nutrition and Health segment revenue remained subdued, reflecting soft demand for hog feeds. However, an uptrend in sales volumes was seen since May, buoyed by the strong growth of other feed segments, particularly, broiler and layer feeds. Hogs feeds has also begun posting month-on-month growth.

The Flour segment revenue grew low single digit, driven by optimized capacity utilization and competitive pricing that boosted volumes.

The Prepared and Packaged Food segment continued to post strong results. Magnolia and Coffee sustained double-digit revenue growth led by butter, cheese, salad aids, cream, ice cream, and coffee. Purefoods revenue rose mid-single digit, driven by strong demand for canned meats, particularly corned beef and luncheon meat, as well as refrigerated meats like hams, bacon, and Pinoy favorites, tapa, tocino, and longanisa.

2. PACKAGING

The Packaging business sustained its growth momentum, posting a 7% increase in consolidated revenues to P19,284 million in the first half of 2025. The improvement was boosted by strong volume growth from the Glass, Plastics, and Beverage Filling businesses.

Consolidated operating income recorded double-digit growth, climbing to P1,592 million.

3. ENERGY

San Miguel Global Power's consolidated revenues fell by 19% to P80,147 million, with offtake volumes dropping by 15% to 14,773 gigawatt hours. The decline was primarily due to the divestment and resulting deconsolidation of SPPC. This was made with the completion of the divestment of 67% interest in the underlying gas power generation assets last January 27, 2025.

Moreover, the decline in revenues reflects a downward adjustment in fuel tariffs to bilateral customer due to the continued softening of global coal prices. These were compensated by revenue contributions from the: (a) full six-month operations of four generation units of the 600 MW Mariveles Greenfield Power Plant and three BESS facilities with a combined capacity of 110 MWh; (b) additional five BESS facilities that commenced commercial operations in the first half of 2025 with a combined capacity of 140 MWh; and (c) Units 1 and 2 of the BCCPP of EERI, which are 33% owned by the Group following the aforesaid divestment in January 2025, were declared operational on December 29, 2024 and January 7, 2025, respectively.

Consolidated operating income came in at P22,120 million, down by 4% due to the impact of the deconsolidation.

Consolidated net income surged to P34,573 million, mainly due to the P21,933 million one-time gain from the fair valuation of investment in SPPC, EERI and IPIEC following the dilution of San Miguel Global Power's ownership interest from 100% to 33% as well as net earnings recognized by the Group mainly from its 33% equity interest retained in the deconsolidated Ilijan Power Plant and the new BCCPP. Excluding the aforesaid gain, consolidated net income still rose significantly by 70% to P12,640 million.

4. FUEL AND OIL

Petron in the first half of 2025 reported consolidated revenues of P386,395 million, a 13% decline from the same period last year. The drop in revenues was mainly due to the price decline in Dubai crude prices, which dropped by 14% to US\$72 per barrel in the first half of 2025 from US\$83 per barrel in the comparative period in 2024. Crude oil prices declined amid weakening global demand and market oversupply following the lifting of voluntary production cuts by Organization of the Petroleum Exporting Countries+ member countries.

The combined sales volume from the Philippines and Malaysia rose by 3% to 56.2 million barrels versus the previous year's 54.7 million barrels, fueled particularly by Petron's strong retail performance in the Philippines. Including trading transactions of the operations in Singapore, consolidated sales volume ended at 64.2 million barrels, down by 7% from 69.1 million barrels in 2024.

Consolidated operating income declined by 13% to P15,146 million in first half of 2025. Consolidated net income finished at P5,252 million. Despite the contractions, Petron maintained its strong profitability.

5. INFRASTRUCTURE

The Infrastructure business sustained its growth trajectory, with consolidated revenues rising by 7%, buoyed by the improved traffic volumes across all toll roads. Combined average daily traffic reached 1,077,148 vehicles, marking a 4% increase from the corresponding period last year.

Consolidated operating income rose by 13% to P11,142 million, supported by effective operational management and cost control.

6. CEMENT

The Cement business generated consolidated net sales of P17,822 million for the first half of the year, a 6% decrease from the comparable period last year, due to lower sales volumes and weaker average selling price. The decline in volume, driven by pricing pressures, resulted from heightened competition amid the continued influx of imported traded cement, and was further weighed down by subdued market demand. Consolidated operating income fell by 12% to P3,493 million.

2024 vs. 2023

(Amounts in Millions)	For the Periods Ended June 30		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
Sales	P789,021	P685,229	P103,792	15%	100%	100%
Cost of sales	(655,195)	(571,215)	83,980	15%	(83%)	(83%)
Gross profit	133,826	114,014	19,812	17%	17%	17%
Selling and administrative expenses	(48,737)	(44,093)	4,644	11%	(6%)	(7%)
Operating income	85,089	69,921	15,168	22%	11%	10%
Interest expense and other financing charges	(47,645)	(44,847)	2,798	6%	(6%)	(6%)
Interest income	7,324	6,531	793	12%	1%	1%
Equity in net earnings of associates and joint ventures	1,237	1,098	139	13%	0%	0%
Gain (loss) on sale of investments and property and equipment	58	(40)	98	245%	0%	(0%)
Other income (charges) - net	(24,387)	6,220	(30,607)	(492%)	(3%)	1%
Income before income tax	21,676	38,883	(17,207)	(44%)	3%	6%
Income tax expense	(8,098)	(15,558)	(7,460)	(48%)	(1%)	(3%)
Net Income	P13,578	P23,325	(P9,747)	(42%)	2%	3%
Net income (loss) attributable to:						
Equity holders of the Parent						
Company	(P8,703)	P757	(P9,460)	(1250%)	(1%)	0%
Non-controlling interests	22,281	22,568	(287)	(1%)	3%	3%
Net Income	P13,578	P23,325	(P9,747)	(42%)	2%	3%

The Group's consolidated sales of P789,021 million for the first half of 2024 increased by 15% compared to 2023, mainly on account of higher sales volume of Petron, the Energy business, the Food division and GSML, combined with the higher average selling prices of Petron, GSML and SMB.

The Group's cost of sales increased by P83,980 million or 15%, mainly due to: (a) higher volume sold and increase in average cost per liter of petroleum products of Petron; (b) the resumption of Ilijan Power Plant's operations from June 2023 onwards; (c) costs of generation of the Mariveles Greenfield Power Plant while most of its units undergo testing and commissioning; and (d) incremental depreciation expense from the ten BESS facilities that are now in full commercial operations. This was partially mitigated by lower fuel costs incurred by the coal-fired power plants as global coal prices went down in the first half of 2024 compared to the same period in 2023, in terms of Globalcoal Newcastle indexed prices.

The increase in selling and administrative expenses by P4,644 million or 11% was attributable mainly to higher salaries and employee benefits of the Group, and higher distribution costs, amortization of deferred containers in line with sales volume growth and expenses related to newly-built warehousing facilities of the Food and Beverage business.

Consolidated operating income increased by 22% to P85,089 million from the same period in 2023, mainly driven by the: (a) improved margins on contracted volumes, as the Energy business worked out a transition to fuel passthrough arrangements for most of its bilateral customers and margin contributed by SMGP BESS Power Inc. (SMGP BESS) through ancillary services; (b) growth in volume from effective marketing programs implemented by Petron; and (c) higher sales volume of the Food division and GSML.

The increase in interest expense and other financing charges by P2,798 million was mainly due to higher interest rates and increased average level of loans of Petron and the Energy business.

The increase in interest income by P793 million was primarily due to both higher interest rates and average balance of short-term investments of the Infrastructure and Food and Beverage businesses. The increase was partially offset by the lower interest income from the reduced average balance of cash and cash equivalents of SMC.

The increase in equity in net earnings of associates and joint ventures by P139 million was mainly due to the share on the higher net income of Angat Hydropower Corporation for the first half in 2024 compared to the same period in 2023.

The gain on sale of investments and property and equipment in 2024 pertains mainly to the sale by San Miguel Properties, Inc. of its investment in shares of stock of Elite Montagne Realty Corp., sale of demo units of SMC Asia Car Distributors Corp. and foreclosed properties of SMC, while the loss in 2023 resulted mainly from the retirement of certain equipment of Malita Power Inc.

Other charges - net of P24,387 million was a reversal from the other income - net of P6,220 million in the same period in 2023. This primarily pertains to the loss on foreign exchange in 2024 compared to the gain recognized in 2023 mainly by SMC, the Energy business and Petron resulting from the revaluation of foreign currency-denominated long-term debt and cash and cash equivalents and the income recognized from the assignment of product rights by GSML in 2023. In June 2024, the Philippine Peso significantly depreciated by P3.240 against the US Dollar, while in 2023, the Philippine Peso appreciated by P0.555 against the US Dollar.

The decrease in income tax expense by P7,460 million was mainly due to the deferred income tax benefit recognized in 2024 by SMC, a turnaround from the deferred income tax expense in 2023. The deferred income tax recognized pertains to unrealized foreign exchange loss in June 2024 compared to unrealized foreign exchange gain in June 2023 from the revaluation of foreign currency-denominated long-term debt and derivatives.

Consolidated net income declined by 42% to P13,578 million, from P23,325 million in 2023, mainly on account of the loss on foreign exchange in the first half of 2024, a reversal from the gain recognized in 2023, partially offset by the improved operations of most businesses mainly the Food division, Petron, GSML, the Energy, Cement and Infrastructure businesses.

The net loss attributable to equity holders of the Parent Company of P8,703 million in 2024 was a reversal from the net income attributable to equity holders of the Parent Company of P757 million in 2023 mainly on account of the loss on foreign exchange in the first half of 2024 as compared to the gain recognized in the same period in 2023 by SMC.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

SMFB continued to deliver strong results in the first half of 2024, driven by the consistent growth across its businesses. SMFB consolidated sales increased by 4% to P192,882 million compared to the same period in 2023.

Consolidated income from operations grew by 16% to P26,641 million, primarily driven by higher sales volumes of the Food division and GSML. Consolidated net income rose by 6% to P19,977 million.

a) Beer and NAB Division

SMB posted consolidated sales of P75,073 million, up 1% from the same period in 2023. The increase was primarily due to the full impact of the price increase implemented in March 2023.

Consolidated operating income declined by 3% to P15,887 million. Similarly, consolidated net income recorded a decline of 7% to P12,563 million.

Domestic Operations

Sales from domestic operations amounted to P66,992 million, 1% higher than in the same period in 2023, mainly due to the price increase.

International Operations

Revenue from international operations was slightly lower than in the same period in 2023 due to a 1% drop in volumes.

b) Spirits Division

GSMI sustained its growth momentum into the first half of 2024, with consolidated revenues recording an 18% growth to P29,992 million. The strong performance was driven by double-digit volume growth, increased selling prices, reduced costs of imported alcohol, and improved biogas generation in distilleries.

Consolidated operating income grew by 31% to P4,411 million on the back of strong topline growth. Meanwhile, consolidated net income declined by 10% to P3,676 million due to the one-time gain from the assignment of product rights in 2023. Excluding this, consolidated net income would have been higher by 26%.

c) Food Division

The Food division delivered a strong performance in the first half of 2024. While sales grew modestly, profit growth soared as raw material prices eased considerably. Consolidated revenue increased by 3% to P87,819 million with most segments registering an uptrend in volumes.

The Food division ended the first half of 2024 with consolidated operating income at P6,127 million, nearly double that of 2023. Higher gross profit margins combined with optimized production efficiencies offset rising operating expenses which included mandated wage hikes and marketing expenses to spur volumes. This translated to a consolidated net income of P3,920 million, two and a half times higher than the same period in 2023.

The Prepared and Packaged Food segment continued to outperform 2023 with an 11% rise in revenue despite the inflationary environment. A wide range of consumer promotions and in-store activities boosted sales across all channels, while new facilities generated improved efficiencies, resulting in a double-digit growth in operating income.

The Protein segment experienced a turnaround as poultry prices recovered and increased growing capacity supported strong demand from both foodservice and retail markets. This led to a 6% revenue growth for the segment.

The Animal Nutrition and Health segment saw a 6% decline in revenue. With lower raw material prices, the business opted for price rollbacks to stimulate demand which remained sluggish amid continued challenges in broiler and hog feeds.

The Flour segment recorded revenue at par with the same period in 2023. Volumes expanded in response to price reductions implemented to maintain market share in an intensely competitive market.

2. PACKAGING

The Packaging business recorded consolidated revenues of P17,974 million, down by 4% against the comparable period in 2023.

Consolidated operating income, however, recorded a 14% increase to P1,362 million on account of better production efficiencies, coupled with the cost measures implemented.

3. ENERGY

San Miguel Global Power consolidated revenues for the first half of 2024 amounted to P98,944 million, higher by 17% from P84,770 million recognized in the same period in 2023. The increase was mainly driven by higher offtake volume from the following sources: (i) several power supply agreement (PSA) from Meralco and other distribution utilities secured by the Group that allowed the contracting of its available capacities mainly from the 1,200 MW Ilijan Power Plant of SPPC and the incremental generation from the 600 MW Mariveles Greenfield Power Plant, with most of its units currently undergoing testing and commissioning; and (ii) ancillary services rendered for National Grid Corporation of the Philippines (NGCP) using a total of ten BESS facilities of SMGP BESS, with a combined installed capacity of 330 MWh during the period.

Consolidated income from operations of P22,988 million for the first half of 2024 was up by 56% from the same period in 2023 owing to improved margins as the Energy business worked out a successful transition to fuel passthrough arrangements for most of its bilateral customers including the 1,200 MW PSA of SPPC with Meralco that was in effect for most part of the first half of 2024, as well as the additional margins contributed by BESS through ancillary services.

Consolidated net income for the first half of 2024 increased to P7,438 million or by 26%, from P5,909 million reported for the same period in 2023.

The Energy business accomplished another key milestone on its BESS Project with an additional three BESS facilities, with a combined capacity of 110 MWh, located in Concepcion, Tarlac, Ormoc, Leyte and Jasaan, Misamis Oriental, commencing operations on March 18, 2024.

The remaining BESS capacities of 630 MWh were gearing up for the anticipated competitive selection process (CSP) for additional grid ancillary services requirements of NGCP as well as for peak power supply applications that would help ensure energy security for the local power industry in the near term. Alternative to the CSP was the reserve market where power reserves could be traded under the operation of Independent Electricity Market Operator of the Philippines (IEMOP).

For the first half of 2024, all four units of the 600 MW Mariveles Greenfield Power Plant of MPGC were undergoing testing and commissioning with one unit declared operational with the IEMOP starting March 28, 2024.

4. FUEL AND OIL

Petron delivered a 21% growth in consolidated revenues for the first half of 2024 to P444,490 million from P367,037 million in 2023, sustaining its positive momentum in 2024.

Petron continued to register strong volumes in the Philippines and Malaysia which reached 69.1 million barrels in the first six months of 2024, up 20% from the 57.6 million barrels sold in the same period in 2023. The solid outcome is fueled by the sustained performance of key segments, particularly retail and exports.

Petron's sales volumes in the Philippines rose 27% to 44.4 million barrels, while volumes from its Malaysian operations grew by 9% to 24.7 million barrels.

Petron's retail segment, which posted a 10% increase, remained a key driver of the stellar volume performance through effective marketing programs in the combined service station network of about 2,600 outlets in the Philippines and Malaysia. Sales to industrial accounts likewise jumped 9% mainly on higher jet fuel and liquefied petroleum gas demand.

Global oil prices remained volatile because of the ongoing tensions in the Middle East. The price per barrel of Dubai crude oil averaged US\$83 in the first six months of 2024, 5% higher than in the same period in 2023 as producers continued to manage supply.

With Petron's solid volume growth, overall margins improved despite the softening of refining cracks, falling by 17% from 2023 level. Consolidated operating income rose by 9% to P17,449 million. Consolidated net income ended at P6,098 million, slightly lower than the comparable period in 2023.

5. INFRASTRUCTURE

The Infrastructure business sustained its strong performance in the first half of 2024, posting consolidated revenues of P18,493 million, 8% higher than the same period in 2023 on the back of the solid performance of its major operating toll roads.

Total average daily traffic volumes were up 4% from 2023 level to 1,034,081 vehicles complemented by the continued increase in economic and travel activities. This, coupled by cost management initiatives and tollway maintenance and improvement works, resulted in a 7% increase in consolidated operating income to P9,856 million versus the same period in 2023.

Consolidated net income increased by 40% to P7,721 million due to sustained growth in traffic volumes backed by continued cost management initiatives.

The land development and ground improvement works of the MIA Project were progressing well with overall progress at 84.61%. Per approved Department of Transportation timeline, airport development will be completed by the end of 2028.

A study was conducted on the realignment of the highway component of the MRT 7 Project. This component includes the new locations of the final two stations, which were currently pending for approval. In the second quarter of 2024, five additional trainsets were delivered, bringing the total trainsets delivered on-site to 22 out of the 36 trainsets ordered.

6. CEMENT

The Cement business consolidated revenues in 2024 declined slightly by 6% to P18,962 million compared to the same period in 2023. Considering a 5% volume growth versus the comparable period in 2023, the Cement business experienced a revenue drop due to an influx of cheaper imported traded cement, leading to a decline in local cement prices. Despite the lower selling prices, SMC Cement managed to grow its consolidated operating income by 31% to P3,952 million compared to the same period in 2023 on the back of cost reductions and operating efficiencies.

III. FINANCIAL POSITION

2025 vs. 2024

(Amounts in Millions)	June 30	December 31	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Cash and cash equivalents	P321,139	P293,677	P27,462	9%	13%	11%
Trade and other receivables - net	242,903	266,981	(24,078)	(9%)	9%	10%
Inventories	157,400	178,355	(20,955)	(12%)	6%	7%
Current portion of biological assets - net	3,427	3,241	186	6%	0%	0%
Prepaid expenses and other current assets	136,205	158,180	(21,975)	(14%)	5%	6%
Total Current Assets	861,074	900,434	(39,360)	(4%)	33%	34%
Investments and advances - net	108,584	52,948	55,636	105%	4%	2%
Investments in equity and debt instruments	21,126	21,050	76	0%	1%	1%
Property, plant and equipment - net	801,698	891,450	(89,752)	(10%)	31%	33%
Right-of-use assets - net	43,218	43,302	(84)	(0%)	2%	1%
Investment property - net	88,161	87,909	252	0%	3%	3%
Biological assets - net of current portion	2,612	2,652	(40)	(2%)	0%	0%
Goodwill - net	185,182	184,994	188	0%	7%	7%
Other intangible assets - net	347,047	340,496	6,551	2%	13%	13%
Deferred tax assets	18,844	22,045	(3,201)	(15%)	1%	1%
Other noncurrent assets - net	140,240	129,650	10,590	8%	5%	5%
Total Noncurrent Assets	1,756,712	1,776,496	(19,784)	(1%)	67%	66%
Total Assets	P2,617,786	P2,676,930	(P59,144)	(2%)	100%	100%
Loans payable	P215,544	P293,230	(P77,686)	(26%)	8%	11%
Accounts payable and accrued expenses	246,724	289,038	(42,314)	(15%)	9%	11%
Lease liabilities - current portion	6,472	11,736	(5,264)	(45%)	0%	0%
Income and other taxes payable	37,831	43,628	(5,797)	(13%)	2%	2%
Dividends and distributions payable	5,221	5,160	61	1%	0%	0%
Current maturities of long-term debt - net of debt issue costs	125,230	94,123	31,107	33%	5%	4%
Total Current Liabilities	637,022	736,915	(99,893)	(14%)	24%	28%
Long-term debt - net of current maturities and debt issue costs	1,163,526	1,173,146	(9,620)	(1%)	45%	44%
Lease liabilities - net of current portion	28,701	30,809	(2,108)	(7%)	1%	1%
Deferred tax liabilities	27,514	34,861	(7,347)	(21%)	1%	1%
Other noncurrent liabilities	23,129	24,758	(1,629)	(7%)	1%	1%
Total Noncurrent Liabilities	1,242,870	1,263,574	(20,704)	(2%)	48%	47%
Total Liabilities	1,879,892	2,000,489	(120,597)	(6%)	72%	75%
<i>Forward</i>						
Capital stock - common	P16,443	P16,443	P -	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,442	177,442	-	0%	7%	6%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	17,743	(5,275)	23,018	436%	1%	(0%)

(Amounts in Millions)	June 30	December 31	Horizontal Analysis		Vertical Analysis	
	2025	2024	Increase (Decrease)		2025	2024
			Amount	%		
Retained earnings:						
Appropriated	85,276	79,849	5,427	7%	3%	3%
Unappropriated	118,185	89,413	28,772	32%	4%	3%
Treasury stock	(109,763)	(109,763)	-	0%	(4%)	(4%)
Equity Attributable to:						
Equity holders of						
the Parent Company	339,724	282,507	57,217	20%	13%	10%
Non-controlling interests	398,170	393,934	4,236	1%	15%	15%
Total Equity	737,894	676,441	61,453	9%	28%	25%
Total Liabilities and Equity	P2,617,786	P2,676,930	(P59,144)	(2%)	100%	100%

Consolidated total assets as at June 30, 2025 amounted to P2,617,786 million, P59,144 million lower than December 31, 2024. This was primarily due to the decrease in trade and other receivables, inventories, prepaid expenses and other current assets and property, plant and equipment, partially offset by the increase in cash and cash equivalents and investments and advances.

The increase in cash and cash equivalents by P27,462 million to P321,139 million was mainly due to the cash generated from operations, proceeds from redemption of investment in redeemable preferred shares of SPPC, EERI and IPIEC issued to San Miguel Global Power, proceeds from net avilment of long-term borrowings and collection of advances. This was reduced by the capital expenditures for the ongoing projects of the Infrastructure and Energy businesses and the Food division, investment in 32.98% equity interest in LFC, net payment of short-term loans and payment of interests, dividends and distributions, taxes and lease liabilities.

The decrease in trade and other receivables - net by P24,078 million was mainly attributable to the: (a) lower trade receivable balance brought by lower volume sold by Petron and lower receivable from the Malaysian Government due to subsidy payment received; and (b) net effect of deconsolidation of SPPC and EERI's receivables following the dilution of San Miguel Global Power's ownership interest effective January 27, 2025.

The decrease in inventories by P20,955 million was attributable mainly to: (a) Petron's lower volume and prices of crude oil and finished products; and (b) the deconsolidation of SPPC, EERI and IPIEC.

The increase in total biological assets by P146 million was driven by expansion of growing capacity and higher volume of flocks loaded as compared to December 31, 2024 balances.

The decrease in prepaid expenses and other current assets by P21,975 million was primarily due to the deconsolidation of SPPC, EERI and IPIEC.

The increase in investments and advances - net by P55,636 million mainly pertains to the 33% equity interests in SPPC, EERI and IPIEC, following the dilution of San Miguel Global Power's ownership interest effective January 27, 2025, and the investment in 32.98% equity interest in LFC.

The decrease in property, plant and equipment - net by P89,752 million was mainly due to the deconsolidation of SPPC, EERI and IPIEC, partially offset by the costs of the ongoing projects of the Energy business.

The decrease in deferred tax assets by P3,201 million was mainly due to the deferred tax on unrealized gains on the revaluation of foreign currency-denominated long-term debt of SMC.

The increase in other noncurrent assets - net by P10,590 million was mainly due to the additional amount of: (a) contract assets for the MRT 7 Project; (b) transaction costs incurred for a loan of SMC not yet drawn as at June 30, 2025; and (c) advances to suppliers and contractors for the ongoing project of the Energy business.

The decrease in loans payable by P77,686 million was mainly due to the net payment made by Petron, SMC and the Food and Beverage and Energy businesses.

The decrease in accounts payable and accrued expenses by P42,314 million was mainly due to net settlements made by the Energy business to the contractors of its ongoing projects and the deconsolidation of SPPC, EERI and IPIEC. The

decrease was partially offset by higher outstanding liabilities to contractors and suppliers of Petron.

The decrease in income and other taxes payable by P5,797 million was mainly due to the deconsolidation of SPPC, EERI and IPIEC, net payment of withholding tax payable of the Energy business and lower accrued taxes of Petron.

The increase in total long-term debt, net of debt issue costs, by P21,487 million was primarily due to the net availments made by the Group, reduced by the translation adjustments on foreign currency-denominated loans.

The decrease in total lease liabilities by P7,372 million was primarily due to payments made to Power Sector Assets and Liabilities Management (PSALM) by the entities of the Energy business under the Independent Power Producer Administration (IPPA) Agreement.

The decrease in deferred tax liabilities by P7,347 million was mainly due to the deconsolidation of SPPC and EERI, partially offset by the increase in the deferred tax liabilities from temporary differences on lease-related expenses in relation to the IPPA lease agreement of the Energy business.

The decrease in other noncurrent liabilities by P1,629 million was mainly due to the release of retention payable to contractors for the completed projects of the Infrastructure business.

The increase in equity reserves by P23,018 million was mainly due to the gain recognized on the redemption of investment in redeemable preferred shares of SPPC, EERI and IPIEC issued to San Miguel Global Power.

The increase in appropriated retained earnings by P5,427 million was attributable to the appropriations made for the South Luzon Expressway Widening Project by SMC SLEX and for payment of loans in December 2029 and December 2031, partially reduced by the reversal of appropriation for loans paid in March 2025 by SMB.

The increase in unappropriated retained earnings by P28,772 million was mainly due to net income attributable to equity holders of the Parent Company, partially reduced by the dividends and distributions declared and net appropriations of retained earnings during the period.

The increase in equity attributable to equity holders of the Parent Company by P57,217 million was mainly due to the net income earned in 2025 and net gain on redemption of investment in redeemable preferred shares held by San Miguel Global Power, reduced by the dividends and distributions declared to holders of common and preferred shares, and SPCS of SMC.

2024 vs. 2023

<i>(Amounts in Millions)</i>	June 30	December 31	Horizontal Analysis		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
Cash and cash equivalents	P253,890	P261,358	(P7,468)	(3%)	10%	11%
Trade and other receivables - net	263,809	263,119	690	0%	10%	11%
Inventories	175,618	161,986	13,632	8%	7%	6%
Current portion of biological assets - net	3,331	3,515	(184)	(5%)	0%	0%
Prepaid expenses and other current assets	152,059	141,424	10,635	8%	6%	6%
Total Current Assets	848,707	831,402	17,305	2%	33%	34%
Investments and advances - net	44,436	37,089	7,347	20%	2%	2%
Investments in equity and debt instruments	19,622	19,417	205	1%	1%	1%
Property, plant and equipment - net	787,574	753,472	34,102	5%	31%	31%
Right-of-use assets - net	105,795	108,014	(2,219)	(2%)	4%	4%
Investment property - net	82,636	79,513	3,123	4%	3%	3%
Biological assets - net of current portion	2,518	2,667	(149)	(6%)	0%	0%

Goodwill - net	183,250	182,791	459	0%	7%	7%
Other intangible assets - net	325,909	306,638	19,271	6%	13%	12%
Deferred tax assets	25,635	19,633	6,002	31%	1%	1%
Other noncurrent assets - net	129,362	118,729	10,633	9%	5%	5%
Total Noncurrent Assets	1,706,737	1,627,963	78,774	5%	67%	66%
Total Assets	P2,555,444	P2,459,365	P96,079	4%	100%	100%
Loans payable	P262,279	P214,881	P47,398	22%	10%	9%
Accounts payable and accrued expenses	254,654	223,055	31,599	14%	10%	9%
Lease liabilities - current portion	11,498	19,631	(8,133)	(41%)	0%	1%
Income and other taxes payable	46,396	46,254	142	0%	2%	2%
Dividends and distributions payable	5,444	4,605	839	18%	0%	0%
Current maturities of long-term debt - net of debt issue costs	271,382	236,798	34,584	15%	11%	9%
Total Current Liabilities	851,653	745,224	106,429	14%	33%	30%
Long-term debt - net of current maturities and debt issue costs	951,032	953,786	(2,754)	(0%)	37%	39%
Lease liabilities - net of current portion	35,190	36,941	(1,751)	(5%)	2%	2%
Deferred tax liabilities	31,531	29,503	2,028	7%	1%	1%
Other noncurrent liabilities	30,759	28,745	2,014	7%	1%	1%
Total Noncurrent Liabilities	1,048,512	1,048,975	(463)	(0%)	41%	43%
Total Liabilities	1,900,165	1,794,199	105,966	6%	74%	73%
<i>Forward</i>						
Capital stock - common	P16,443	P16,443	P -	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,442	177,468	(26)	(0%)	7%	7%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	2,667	7,354	(4,687)	(64%)	0%	0%
Retained earnings:						
Appropriated	88,468	87,170	1,298	1%	4%	4%
Unappropriated	86,423	103,151	(16,728)	(16%)	3%	4%
Treasury stock	(109,763)	(109,763)	-	0%	(4%)	(4%)
Equity Attributable to:						
Equity holders of						
the Parent Company	296,078	316,221	(20,143)	(6%)	12%	13%
Non-controlling interests	359,201	348,945	10,256	3%	14%	14%
Total Equity	655,279	665,166	(9,887)	(1%)	26%	27%
Total Liabilities and Equity	P2,555,444	P2,459,365	P96,079	4%	100%	100%

Consolidated total assets as at June 30, 2024 amounted to P2,555,444 million, P96,079 million higher than December 31, 2023. The increase was primarily due to the increase in inventories, prepaid expenses and other current assets, investments and advances, property, plant and equipment, other intangible assets, deferred tax assets and other noncurrent assets.

The increase in inventories by P13,632 million was attributable mainly to: (a) Petron's higher volume and prices of both crude oil and finished products; and (b) higher materials and supplies of the Food division mainly due to higher volume of wheat purchased during the first half of 2024. The increase was partially offset by the Energy business' higher consumption of LNG supply inventory coupled with the decline in average LNG cost during first half of 2024 and utilization of spare parts during the combustor and turbine inspection conducted for the Ilijan Power Plant.

The decrease in total biological assets by P333 million was mainly attributable to lower production costs in June 30, 2024 as compared to December 31, 2023.

The increase in prepaid expenses and other current assets by P10,635 million was primarily due to: (a) higher input taxes of Petron and SMC Shipping and Lighterage Corporation; (b) additional advances paid to suppliers of coal and LNG of the Energy business; and (c) higher excise tax claims and unused creditable withholding taxes of Petron.

The increase in investments and advances - net by P7,347 million was mainly due to the: (a) advances for future investments to certain companies by SMC and the Energy business; and (b) investment in New NAIA Infra Corp. by San Miguel Holdings Corp.

The increase in property, plant and equipment - net by P34,102 million was mainly due to the costs of the ongoing projects of the Energy business, and the feedmill expansion project of the Food division.

The increase in other intangible assets - net by P19,271 million was mainly due to the additions to concession rights for the MIA Project and the costs of various other ongoing projects of the Infrastructure business, partially offset by the amortization during first half of 2024.

The increase in deferred tax assets by P6,002 million was primarily due to the recognition by SMC of deferred income tax on unrealized losses on foreign exchange mainly from the revaluation of foreign currency-denominated long-term debt and derivatives.

The increase in other noncurrent assets - net by P10,633 million was mainly due to the amount of contract assets for the MRT 7 Project recognized during first half of 2024.

The increase in loans payable by P47,398 million was mainly due to the net availment made by SMC and the Energy business.

The increase in accounts payable and accrued expenses by P31,599 million was mainly due to additional payables to contractors relating to the ongoing construction projects of the Energy business, higher outstanding liabilities to contractors and suppliers of Petron, higher purchases of raw materials by the Food division and power purchases by MPCL.

The increase in dividends and distributions payable by P839 million was mainly due to the declaration by SMC of dividends to Series 2-L, Series 2-N and Series 2-O preferred shareholders on May 14, 2024, which were paid on July 4, 2024.

The increase in total long-term debt, net of debt issue costs, by P31,830 million was primarily due to the translation adjustments on foreign currency-denominated loans, partially reduced by the net payments made by the Group.

The decrease in total lease liabilities by P9,884 million was primarily due to the payments made to PSALM by the entities of the Energy business under the IPPA Agreements.

The increase in deferred tax liabilities by P2,028 million was mainly due to the deferred income tax expense recognized by SPPC for the application of its available Net Operating Loss Carry Over carryforward benefits to its income tax expense, and the difference in actual PSALM payments over finance lease liability-related expenses.

The increase in other noncurrent liabilities by P2,014 million was mainly due to the higher amount of retention payable for the ongoing projects of the Infrastructure business.

The decrease in equity reserves by P4,687 million was mainly due to the foreign exchange difference recognized on the redemption of the US\$783 million SPCS of San Miguel Global Power in April 2024.

The decrease in unappropriated retained earnings by P16,728 million was primarily due to the net loss attributable to equity holders of the Parent Company, cash dividends and distributions declared and the net appropriations during the first half of 2024.

The decrease in equity attributable to equity holders of the Parent Company by P20,143 million was mainly due to the net loss incurred on account of the loss on foreign exchange and dividends and distributions declared to holders of preferred shares and SPCS of SMC in the first half of 2024.

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

<i>(In Millions)</i>	For the Periods Ended June 30	
	2025	2024
Net cash flows provided by operating activities	P63,509	P74,608
Net cash flows provided by (used in) investing activities	43,150	(93,889)
Net cash flows provided by (used in) financing activities	(76,460)	8,597

Net cash flows provided by operating activities primarily consist of operating income before working capital changes, changes in current assets, certain current liabilities and others, including payments of interest, other financing charges and income taxes.

Net cash flows provided by (used in) investing activities included the following:

<i>(In Millions)</i>	For the Periods Ended June 30	
	2025	2024
Net proceeds of:		
Redemption of investment in redeemable preferred shares held by a subsidiary	P78,717	P -
Sale of property and equipment	3,430	482
Disposal of investments in debt instruments	445	519
Disposal of a subsidiary, net of cash and cash equivalents disposed of	-	8
Collection of advances	12,084	-
Dividends received	11,887	363
Interest received	7,718	6,505
Additions to:		
Property, plant and equipment	(24,467)	(48,178)
Intangible assets	(11,740)	(23,476)
Investments and advances	(10,178)	(7,007)
Contract assets	(4,724)	(7,742)
Advances to contractors and suppliers	(2,082)	(2,349)
Investment property	(2,070)	(4,212)
Investments in equity and debt instruments	(463)	(532)
Increase in other noncurrent assets and others	(9,728)	(8,270)
Cash and cash equivalents of deconsolidated subsidiaries	(5,679)	-

Net cash flows provided by (used in) financing activities included the following:

<i>(In Millions)</i>	For the Periods Ended June 30	
	2025	2024
Net proceeds (payments) of short-term loans	(P72,766)	P46,813
Cash dividends and distributions paid	(26,783)	(22,780)
Payments of lease liabilities	(9,132)	(11,500)
Redemption of capital securities of subsidiaries	(6,288)	(45,040)
Acquisition of treasury shares of a subsidiary	(1,119)	-
Increase (decrease) in non-controlling interests' share in the net assets of subsidiaries and others	(1,093)	31
Net proceeds (payments) of long-term debt	34,971	(2,382)
Net proceeds of issuance of capital securities of subsidiaries	5,750	43,481
Share issuance costs from reissuance of treasury shares	-	(26)

The effect of exchange rate changes on cash and cash equivalents amounted to (P2,737 million) and P3,216 million in June 2025 and 2024, respectively.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Items II “Financial Performance” and III “Financial Position” for the discussion of certain Key Performance Indicators.

	June 30, 2025	December 31, 2024
<u>Liquidity:</u>		
Current Ratio	1.35	1.22
Quick Ratio	0.89	0.76
<u>Solvency:</u>		
Debt to Equity Ratio	2.55	2.96
Asset to Equity Ratio	3.55	3.96
<u>Profitability:</u>		
Return on Average Equity Attributable to Equity Holders of the Parent Company	13.52%	(2.48%)
Interest Rate Coverage Ratio	2.72	1.65
Return on Assets	3.39%	1.43%
	For the Periods Ended June 30	
	2025	2024
<u>Operating Efficiency:</u>		
Volume Growth (Decline)	(6%)	19%
Revenue Growth (Decline)	(9%)	15%
Operating Margin	12%	11%

The manner by which the Group calculates the key performance indicators is as follows:

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\frac{\text{Net Income}^*}{\text{Average Total Assets}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

* Annualized for quarterly reporting.

VI. OTHER MATTERS

a. Commitments

The outstanding purchase commitments of the Group amounted to P189,641 million as at June 30, 2025.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- b. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.
- c. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets, except for Note 43 (a) of the Audited Consolidated Financial Statements as at December 31, 2024.

- d. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- e. There are no significant elements of income or loss that did not arise from continuing operations.
- f. Except for the Prepared and Packaged Food and Protein segments of the Food division under the Food and Beverage business, which consistently generate higher revenues during the Christmas holiday season, the effects of seasonality or cyclicity on the interim operations of the Group's businesses are not material.
- g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

INTEREST OF NAMED EXPERTS AND COUNSEL

Legal Matters

All legal opinions/matters in connection with the issuance of each Offer will be passed upon by Picazo Buyco Tan Fider Santos & Dee ("**Picazo Law**") for the Company and SyCip Salazar Hernandez & Gatmaitan ("**SyCip Law**") for the Underwriters. Picazo Law and SyCip Law have no direct interest in the Company.

Picazo Law and SyCip Law may from time to time be engaged to advise in the transactions of the Company and perform legal services on the basis that Picazo Law and SyCip Law can provide such services to its other clients.

Independent Auditors

The consolidated financial statements of the Company as at and for the years ended December 31, 2020, 2021, 2022, 2023, and 2024 have been audited by R.G. Manabat & Co., a member firm of KPMG, independent auditors, in accordance with Philippine Standards on Auditing as set forth in their report thereon appearing elsewhere in this Offer Supplement.

The Audit Committee of the Company, reviews and monitors, among others, the integrity of all financial reports and ensures compliance with both internal financial management manual and pertinent accounting standards, including regulatory requirements. The Audit Committee also performs the following duties and responsibilities relating to the services of the Company's external auditors:

- Assess and monitor the (i) external auditor's professional qualifications, competence, independence and objectivity and require the external auditor to make the statements necessary under applicable auditing standards as regards its relationship and services to the Company, discussing any relationship or services which may derogate its independence or objectivity; and (ii) the effectiveness of the audit process in accordance with applicable standards.
- Obtain objective assurance from the external auditor that the conduct of the audit and the manner of the preparation of the financial statements comply with applicable auditing standards and rules of regulatory bodies, including exchanges on which the securities of the Company are listed.
- Review and approve the nature and scope of the audit plans of the external auditor, including scope, audit resources and expenses, and reporting obligations before the audit commences.
- Review the reports or communications of the external auditor and ensure that management or the Board will provide a timely response to the issues raised in such reports or communications.
- Ensure the development and implementation of policies on the engagement of an external auditor to supply non-audit work, including the fees payable therefor, and evaluate any non-audit work undertaken by the external auditor to ensure that the same does not conflict with its audit functions.

There is no arrangement that the experts and the independent counsels will receive a direct or indirect interest in the Issuer or was a promoter, underwriter, voting trustee, director, officer, or employee of the Issuer.

REGULATORY FRAMEWORK

The statements herein are based on the laws in force as of the date of this Offer Supplement and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the regulatory and environmental considerations that may be relevant to the Company or the offering.

GENERAL BUSINESS REGULATORY FRAMEWORK

Revised Corporation Code

Republic Act No. 11232, also known as the Revised Corporation Code, was signed into law on February 20, 2019 and took effect on February 23, 2019. Among the notable amendments in the Revised Corporation Code are as follows: (i) corporations are now generally granted perpetual existence; (ii) a new section on one-person corporation was added; (iii) the requirement that at least 25% of the authorized capital stock must be subscribed, and at least 25% of the subscribed shares must be paid-up upon incorporation was removed; (iv) stockholders can now vote *in absentia*; (v) incorporators now include any person, partnership, association or corporation; and (vi) the powers of the SEC to prosecute and investigate offenses under the Revised Corporation Code has been expanded.

The Revised Corporation Code refers to the Philippine Competition Act in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the Philippine Competition Act thresholds.

The Philippine Competition Act

Republic Act No. 10667, otherwise known as the Philippine Competition Act, was signed into law on July 21, 2015 and took effect on August 8, 2015. This Act aims to codify anti-trust laws in the Philippines and it provides the competition framework in the country. The Philippine Competition Act was enacted to provide free and fair competition in trade, industry, and all commercial economic activities.

To implement its objectives, the Philippine Competition Act provides for the creation of a Philippine Competition Commission (“PCC”), an independent quasi-judicial agency to be composed of five commissioners. Among the PCC’s powers are to: conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, the PCC must apply for a warrant with the relevant court.

The Philippine Competition Act prohibits anti-competitive agreements between or among competitors, and mergers and acquisitions which have the object or effect of substantially preventing, restricting, or lessening competition. It also prohibits practices which involve abuse of dominant position, such as selling goods or services below cost to drive out competition, imposing barriers to entry or prevent competitors from growing, and setting prices or terms that discriminate unreasonably between customers or sellers or the same goods, subject to exceptions.

The Philippine Competition Act also introduces the pre-notification regime for mergers and acquisitions, which requires covered transactions to be notified to the PCC for its approval.

On June 3, 2016, the PCC issued the implementing rules and regulations of the Philippine Competition Act (“IRR”). Under the IRR, as a general rule, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of the acquiring or the acquired entities exceed ₱1.0 billion; (Size of Party) and (b) the value of the transaction exceeds ₱1.0 billion, as determined in the IRR (Size of Transaction); while Parties to a joint venture transaction shall also be subject to the notification requirement if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱1.0 billion, or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱1.0 billion.

The PCC also has released its “Guidelines on the Computation of Merger Notification Thresholds”, providing the method for calculation of the aggregate value of assets and gross revenues from sales for the purposes of determining whether a proposed merger or acquisition is notifiable to the PCC.

The Size of Party and Size of Transactions have been gradually increased by the PCC to ensure that the thresholds maintain their real value over time and relative to the size of the economy. Beginning March 1, 2019 and for every subsequent year, the notification thresholds will be indexed based on the official estimates by the Philippine Statistics Authority of the nominal GDP growth for the previous calendar year rounded up to the nearest hundred million. Effective March 1, 2025, parties to a merger or acquisition are required to provide notification when the Size of the Party exceeds ₱8,500,000,000.00 and the Size of Transaction exceeds ₱3,500,000,000.00.

Violations of the Philippine Competition Act and its IRR carry administrative and criminal penalties. A transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of 1 to 5.0% of the value of the transaction. Criminal penalties for entities that enter into these defined anti-competitive agreements include: (i) a fine of not less than ₱50.0 million but not more than ₱250.0 million; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100.0 million to ₱250.0 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

On September 15, 2017, the PCC published the 2017 Rules of Procedure ("**Rules**") which apply to investigations, hearings, and proceedings of the PCC, except to matters involving mergers and acquisitions unless otherwise provided. It prescribes procedures for fact-finding or preliminary inquiry and full administrative investigations by the PCC. The Rules also include non-adversarial remedies such as the issuance of binding rulings, show cause orders, and consent orders.

On September 10, 2019, the Supreme Court of the Philippines approved the Rules on Administrative Search and Inspection under the Philippine Competition Act. The rules govern the application, issuance, and enforcement of inspection orders for administrative investigations of alleged violations of the Philippine Competition Act. Inspection orders will allow the PCC and its deputized agents to enter, search and inspect business premises, offices, land and vehicles to examine, copy, photograph, record or print information in order to prevent their removal, concealment, tampering with or destruction.

Foreign Investments Act of 1991

Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991 ("**FIA**"), liberalized the entry of foreign investment into the Philippines. Under the FIA, in domestic market enterprises, foreigners can own as much as 100% equity except in areas specified in the Eleventh Regular Foreign Investment Negative List (the "**Negative List**"). This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, land ownership, telecommunications, mining and the operation of public utilities.

In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60.0% of whose capital is owned by such citizens. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40.0%. A corporation with more than 40.0% foreign equity may be allowed to lease land for a period of 25 years, renewable for another 25 years.

In addition, under the Philippine Constitution, only citizens of the Philippines or corporations or associations organized under the laws of the Philippines at least 60.0% of whose capital is owned by such citizens may engage in activities relating to the exploration, development and utilization of natural resources, which covers the utilization of natural resources for the operation of renewable energy power plants. The Department of Justice (“**DOJ**”) issued an opinion to the effect that the exploration, development and utilization of solar, wind, hydro and ocean or tidal energy sources is not subject to the 40% foreign equity limitation and thus, may be wholly-owned by foreign nationals. In DOJ Opinion No. 21, Series of 2022 dated September 29, 2022, the DOJ opined that solar, wind, hydro and ocean or tidal energy sources are inexhaustible and, therefore, not within the ambit of the term “natural resources” in Article XII, Section 2 of the Philippine Constitution. This led to the promulgation of DOE Department Circular No. DC2022-11-0034 on 15 November 2022, which amended the IRR of the Renewable Energy Act (Rep. Act No. 9513) in order to reflect the DOJ Opinion.

For the purpose of complying with nationality laws, the term Philippine National is defined under the FIA as any of the following:

- a citizen of the Philippines;
- a domestic partnership or association wholly-owned by citizens of the Philippines;
- a corporation organized under the laws of the Philippines of which at least 60.0% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines;
- a corporation organized abroad and registered to do business in the Philippines under the Revised Corporation Code, of which 100.0% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos; or
- a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60.0% of the fund will accrue to the benefit of Philippine Nationals.

In SEC Memorandum Circular No. 08 dated May 20, 2013, or the Guidelines on Compliance with the Filipino- Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly Nationalized Activities, it is provided that for purposes of determining compliance with the nationality requirement, the required percentage of Filipino ownership shall be applied both to (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors. A petition for certiorari questioning the constitutionality of SEC Memorandum Circular No. 8 dated May 20, 2013 was filed in June 2013. In *Jose M. Roy III v. Chairperson Teresita Herbosa* (G.R. No. 207246) dated April 18, 2017, the Supreme Court affirmed the validity of SEC Memorandum Circular No. 08 dated May 20, 2013.

In the 2014 case of *Narra Nickel Mining and Development Corporation, et.al vs. Redmont Consolidated Mines Corp* (G.R. No. 195580) and its corresponding motions for reconsideration (the “**Narra Nickel Case**”), the Supreme Court affirmed that the Grandfather Rule, wherein shares owned by corporate shareholders are attributed either as Filipino or foreign equity by determining the nationality not only of such corporate shareholders, but also such corporate shareholders’ own shareholders, until the nationality of shareholder individuals is taken into consideration, is to be used jointly and cumulatively with the Control Test, which merely takes into account the nationality of the listed shareholders of the corporation. Such joint and cumulative application shall be observed as follows: (i) if the corporation’s Filipino equity falls below 60.0%, such corporation is deemed foreign-owned, applying the Control Test; (ii) if the corporation passes the Control Test, the corporation will be considered a Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (iii) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

Advertising Regulations

The Ad Standards Council, a non-stock, non-profit organization, established by the Kapisanan ng mga Brodkaster ng Pilipinas, Philippine Association of National Advertisers, and Association of Accredited Advertising Agencies, issues circulars in the advertising industry and handles the screening of all broadcast, out-of-home and print advertising and settlement of disputes regarding advertising content.

Intellectual Property Code

Under the Intellectual Property Code of the Philippines, as amended, the rights to a trademark are acquired through the registration with the Bureau of Trademarks of the Intellectual Property Office, which is the principal government agency involved in the registration of brand names, trademarks, patents and other registrable intellectual property materials.

Upon registration, the Intellectual Property Office shall issue a certificate of registration to the owner of the mark, which shall confer the right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the mark is registered. The said certificate of registration shall also serve as prima facie evidence of the validity of registration and the registrant's ownership of the mark. A certificate of registration shall remain in force for an initial period of ten (10) years and may be renewed for periods of ten (10) years at its expiration.

Data Privacy Act of 2012

Republic Act No. 10173 or the Data Privacy Act of 2012 is a comprehensive and strict privacy legislation aimed to protect the fundamental human right to privacy of data subjects by: (a) protecting the privacy of individuals while ensuring free flow of information; (b) regulating the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure or destruction of personal data; and (c) ensuring that the Philippines complies with international standards set for data protection through National Privacy Commission ("**Privacy Commission**").

Intended to protect the privacy of individuals, it mandates companies to inform the individuals about how their personal information are collected and processed. It also ensures that all personal information must be (a) collected and processed with lawful basis, which includes consent, and only for reasons that are specified, legitimate, and reasonable; (b) handled properly, ensuring its accuracy and retention only for as long as reasonably needed; and (c) discarded properly to avoid access by unauthorized third parties.

Its Implementing Rules and Regulations ("**IRR**") took effect on September 9, 2016, mandating all Philippines companies to comply with the following: (a) appointment of a Data Protection Officer; (b) conduct of a privacy impact assessment; (c) adoption of a privacy management program and privacy policy; (d) implement privacy and data protection measures; and (e) establish a breach reporting procedure. In addition, companies with at least 250 employees or access to sensitive personal information of at least 1,000 individuals are required to register their data processing systems with the Privacy Commission. The IRR, furthermore provides the only instances when data sharing is allowed, to wit: (a) data sharing is authorized by law, provided that there are adequate safeguards for data privacy and security, and processing adheres to principles of transparency, legitimate purpose and proportionality; (b) in the private sector, data sharing for commercial purposes is allowed upon (i) consent of data subject, and (ii) when covered by a data sharing agreement; (c) data collected from parties other than the data subject for purpose of research shall be allowed when the personal data is publicly available; and (d) data sharing among government agencies for purposes of public function or provision of a public service shall be covered by a data sharing agreement.

Electronic Commerce Act

Republic Act No. 8792 or the Electronic Commerce Act of 2000 ("**R.A. No. 8792**") aims to facilitate domestic and international dealings, transactions, arrangement agreements, contracts and exchanges and storage of information through the utilization of electronic, optical and similar medium to promote the universal use of electronic transaction in the government and general public.

R.A. No. 8792 restricts access to an electronic file, or an electronic signature of an electronic data message or electronic document only in favor of the individual or entity having a legal right to the possession or the use of plaintext, electronic signature or file and solely for the authorized purposes. The law also ensures confidentiality and prohibits any person who obtains access to any electronic key, electronic data message, electronic document, book, register, correspondence, information, or other material pursuant to any powers conferred under the said law, from conveying to or sharing the same with any other person, except for purposes expressly authorized by law. The implementing rules of the law provides that the electronic key for identity or integrity shall not be made available to any person or party without the consent of the individual or entity in lawful possession of that electronic key.

The law clarifies that violations of the Consumer Act of the Philippines or Republic Act No. 7394, as amended, and other related laws through transactions covered by or using electronic data messages or electronic documents shall be penalized with the same penalties as provided therein

Internet Transactions Act

Republic Act No. 11967, or the Internet Transactions Act of 2023 ("**ITA**") regulates business-to-business and business-to-customer internet transactions. It created the E-Commerce Bureau, which formulates policies, plans, and programs

to ensure the robust and dynamic development of e-commerce and implements, monitors, and ensures strict compliance with the ITA, among other functions. It also manages the complaints relating to internet transactions and refers them to the Department of Trade and Industry. It is also mandated to establish an online business database containing the list of digital platforms, e-marketplaces, e-retailers and online merchants engaged in e-commerce in the Philippines.

The ITA provides the obligations of online consumers, e-marketplaces, e-retailers and online merchants. Among these obligations are fair advertising, fair dealing, and compliance with other laws. Entities that engage in transactions that fall within the scope of the ITA must comply with the rules and regulations set forth by the ITA, its implementing rules and regulations, and other regulations issued by the Department of Trade and Industry. An entity who violates the provisions of the ITA and the relevant rules and regulations may be held liable for damages and administrative fines ranging from ₱100.00 (plus the value of goods) to ₱1,000,000.00, depending on the nature of the violation and the number of offenses previously committed. Additionally, the online website or post that was made in violation of the ITA may be taken down.

Registration under the BOI

Under the Executive Order No. 226, otherwise known as the Omnibus Investments Code, as amended, a BOI-registered enterprise enjoys certain incentives, both financial and non-financial, provided such enterprise invests in preferred areas of investment enumerated in the Investment Priorities Plan annually prepared by the Government. However, prior to registration with the BOI, the enterprise must first satisfy the minimum equity required to finance the project applied equivalent to 25.0% of the estimated project cost, or as may be prescribed by the BOI. Such incentives include: (i) income tax holiday, (ii) exemption from taxes and duties on imported spare parts; (iii) exemption from wharfage dues and export tax, duty, impost and fees; (iv) reduction of the rates of duty on capital equipment, spare parts and accessories; (v) tax exemption on breeding stocks and genetic materials; (vi) tax credits; (vii) additional deductions from taxable income; (viii) employment of foreign nationals; simplification of customs procedure; and (x) unrestricted use of consigned equipment.

On April 12, 2019, Republic Act No. 11285, otherwise known as the Energy Efficiency and Conservation Act, was enacted. Under the said law, upon certification by the DOE, energy efficiency projects shall be included in the annual investment priorities plan of the BOI and shall be entitled to the incentives provided under Executive Order No. 226, as amended, and any other applicable laws for 10 years from the effectivity of the Act. Said energy efficiency projects shall also be exempt from the requirements provided under Article 32(1) of Executive Order No. 226. Energy efficiency projects refer to projects designed to reduce energy consumption and costs by any improvement, repair, alteration, or betterment of any building or facility, or any equipment, fixture, or furnishing to be added to or used in any building, facility, or vehicle including the manufacturing and provision of services related thereto: provided, that such projects shall be cost-effective and shall lead to lower energy or utility costs during operation and maintenance.

The CREATE Act, which took effect on April 11, 2021, sought to rationalize the tax incentives provided by investment promotion agencies, such as the BOI. In view of the effectivity of the CREATE Act, registered business enterprises with incentives granted prior to the effectivity of the CREATE Act shall be subject to the following rules:

- (i) registered business enterprises whose projects or activities were granted only an income tax holiday prior to the effectivity of the law shall be allowed to continue to avail of the income tax holiday for the remaining period specified in the terms and conditions of their registration, provided that enterprises that have been granted the income tax holiday but have not yet availed of such incentive upon the effectivity of the law may use the income tax holiday for the period specified in the terms and conditions of their registration;
- (ii) registered business enterprises whose projects or activities were granted an income tax holiday prior to the effectivity of the law and that are entitled to 5% tax on gross income earned incentive after the income tax holiday shall be allowed to avail of the 5% tax on gross income incentive subject to the ten-year limit under the CREATE Act; and
- (iii) registered business enterprises currently availing of the 5% gross income earned incentive granted prior to the effectivity of the law shall be allowed to continue of such tax incentive for ten (10) years.

Local Government Code

Republic Act No. 7160, otherwise known as the Local Government Code of 1991 (“**LGC**”) establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every LGU shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

The power to tax and police power is exercised by the LGU through their respective legislative bodies. Specifically, the LGU, through its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, impose real property taxes, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

Labor and Employment

The DOLE is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines and the Occupational Safety and Health Standards (which sets out, among others, the guidelines applicable to different establishments intended for the protection of every workingman against the dangers of injury, sickness or death through safe and healthful working conditions), as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

Occupational Safety and Health Standards Law

Republic Act No. 11058 or the Occupational Safety and Health Standards Law was signed into law in August 2018. Under this law, every employer, contractor, subcontractor, and any person who manages, controls, or supervises the work being undertaken is required, among others, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. The law also requires them to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency. Department Order No. 198, series of 2018 (D.O. 198) was promulgated by the DOLE to implement the provisions of the Occupational Safety and Health Standards Law. D.O. 198 classifies establishments as low, medium or high risk, and depending on the number of employees per establishment, provides for the corresponding requirements and provisions required of each employer, such as number of safety officers, occupational health officers and provision for health equipment and facilities.

Under the DOLE Labor Advisory No. 04, series of 2019 (Guide for Compliance of Establishments to D.O. 198), the establishment concerned shall be responsible for determining its own level of classification (low, medium, or high risk) based on Hazards Identification and Risk Assessment Control conducted by the company.

The employer, project owner, contractor or subcontractor, if any, and any person who manages, controls or supervises the work being undertaken shall be jointly and solidarily liable for compliance with occupational safety and health standards, including the penalties imposed for any violations thereof.

Social Security System, PhilHealth and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 11199, the Social Security Act of 2018 to ensure coverage of employees following procedures set out by the law and the SSS. Under the said law, an employer must deduct from its employees their monthly contributions in an amount corresponding to his salary, wage, compensation or earnings during the month in accordance with the monthly salary credits, the schedule and the rate of contributions as may be determined and fixed by the Social Security Commission, pay its share of contribution and remit these to the SSS within a period set by law and/ or SSS regulations. This enables the employees or their dependents to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits and maternity-leave benefits.

The failure of the employer to comply with any of its obligations may lead to sanctions, including the imposition of a

fine of not less than ₱5,000.00 nor more than ₱20,000.00, or imprisonment for not less than six years and one day nor more than 12 years, or both, at the discretion of the court. The erring employer will also be liable to the SSS for damages equivalent to the benefits to which the employee would have been entitled had his name been reported on time to the SSS and for the corresponding contributions and penalties thereon.

Employers are likewise required to ensure enrolment of its employees in a National Health Insurance Program (“**NHIP**”) administered by the Philippine Health Insurance Corporation, a government corporation attached to the Department of Health tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of Republic Act No. 10606, the National Health Insurance Act of 2013.

On February 20, 2019, Republic Act No. 11223, the Universal Health Care Act, was enacted, which amended certain provisions of the National Health Insurance Act of 2013. Under the said law, all Filipino citizens are now automatically enrolled into the National Health Program. However, membership is classified into two types, direct contributors and indirect contributors. Direct contributors refer to those who have the capacity to pay premiums, are gainfully employed and are bound by an employer-employee relationship, or are self-earning, professional practitioners, migrant workers, including their qualified dependents, and lifetime members. On the other hand, indirect contributors refer to all others not included as direct contributors, as well as their qualified dependents, whose premium shall be subsidized by the national government including those who are subsidized as a result of special laws. Every member is also granted immediate eligibility for health benefit package under the program. An employer who fails or refuses to register its employees, regardless of their employment status, or to deduct contributions from its employees’ compensation or remit the same to our Corporation shall be punished with a fine of not less than ₱5,000.00 multiplied by the total number of employees of the firm.

Under Republic Act No. 9679, the Home Development Mutual Fund Law of 2009, all employees who are covered by the SSS must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2.0% of the employee’s monthly compensation, up to a maximum of ₱5,000.00, and likewise make a counterpart contribution of 2.0% of the employee’s monthly compensation, and remit the contributions to the HDMF. Refusal of an employer to comply, without any lawful cause or with fraudulent intent, particularly with respect to registration of employees as well as collection and remittance of contributions, is punishable by a fine of not less but not more than twice the amount involved, or imprisonment of not more than six years, or both such fine and imprisonment. When the offender is a corporation, the penalty will be imposed upon the members of the governing board and the president or general manager, without prejudice to the prosecution of related offenses under the Revised Penal Code and other laws, revocation and denial of operating rights and privileges in the Philippines and deportation when the offender is a foreigner.

The Labor Code

The Philippine Labor Code provides that, in the absence of a retirement plan provided by their employers, private-sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month’s salary for every year of service, with a fraction of at least six months being considered as one whole year. For the purpose of computing the retirement pay, “one-half month’s salary” shall include all of the following: fifteen days’ salary based on the latest salary rate; in addition, one-twelfth of the thirteenth month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

Other Labor-Related Laws and Regulations

Contracting and Subcontracting

The Labor Code recognizes subcontracting arrangements, whereby a principal puts out or farms out with a contractor the performance or completion of a specific job, work or service within a definite or predetermined period, regardless of whether such job, work or service is to be performed or completed within or outside the premises of the principal. Such arrangements involve a “trilateral relationship” among: (i) the principal who decides to farm out a job, work or service to a contractor; (ii) the contractor who has the capacity to independently undertake the performance of the job,

work, or service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service.

On March 16, 2017, the DOLE issued DOLE Department Order No. 174-17 or Rules Implementing Articles 106 to 109 of the Labor Code, as Amended (“**D.O. No 174-17**”), under the principle that non-permissible forms of contracting and subcontracting arrangements undermine the constitutional and statutory right to security of tenure of workers. D.O. No 174-17 empowered the Secretary of Labor and Employment to regulate contracting and subcontracting arrangement by absolutely prohibiting labor-only contracting, and restricting job contracting allowed under the provisions of the Labor Code. Labor-only contracting refers to arrangement where the contractor or subcontractor merely recruits, supplies or places workers to perform a job or work for a principal, and the contractor or subcontractor does not have substantial capital, or the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. D.O. No. 174-17 expressly requires the registration of contractors with the Regional Office of the DOLE where it principally operates, without which, a presumption that the contractor is engaged in labor-only contracting arises.

The Department Order provides that in the event that there is a finding that the contractor or subcontractor is engaged in labor-only contracting and other illicit forms of employment arrangements, the principal shall be deemed the direct employer of the contractor’s or subcontractor’s employees. Further, in the event of violation of any provision of the Labor Code, including the failure to pay wages, there exists a solidary liability on the part of the principal and the contractor for purposes of enforcing the provisions of the Labor Code and other social legislations, to the extent of the work performed under the employment contract.

DOLE Mandated Work-Related Programs

Under Republic Act No. 9165 or the Comprehensive Dangerous Drugs Act, a national drug abuse prevention program implemented by the DOLE must be adopted by private companies with 10 or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

The employer or the head of the work-related, educational or training environment or institution, also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases. Under the Anti-Sexual Harassment Act, the employer will be solidarily liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalized by imprisonment of not less than one month nor more than six months, or a fine of not less than ₱10,000 nor more than ₱20,000, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Moreover, Department Order No. 102-10 requires all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it are strictly limited to medical personnel.

All private workplaces are also required to establish policies and programs on solo parenting, Hepatitis B, mental health, and tuberculosis prevention and control.

REGULATIONS RELATING TO THE FOOD AND BEVERAGE BUSINESS

The Food Safety Act

In 2013, Republic Act No. 10611 or the Food Safety Act of 2013 (the “**Food Safety Act**”) was enacted into law to strengthen the food safety regulatory system in the country. The food safety regulatory system encompasses all the regulations, food safety standards, inspection, testing, data collection, monitoring and other activities carried out by

the DA and the DOH, their pertinent bureaus, and the local government units. The National Dairy Authority, National Meat Inspection Service (“**NMIS**”), and Bureau of Fisheries and Aquatic Resources (“**BFAR**”) under the DA are the government agencies responsible for the development and enforcement of food safety standards and regulations in the primary production and post-harvest stages for milk, meats, and fish, respectively, while the Food and Drug Administration (“**FDA**”) under the DOH is responsible for the safety of processed and pre-packaged foods. The Food Safety Act created the Food Safety Regulation Coordinating Board to monitor and coordinate the performance and implementation of the mandates of the government agencies under the law.

The law aims to: (a) protect the public from food-borne and water-borne illnesses and unsanitary, unwholesome, misbranded or adulterated foods, (b) enhance industry and consumer confidence in the food regulatory system, and (c) achieve economic growth and development by promoting fair trade practices and sound regulatory foundation for domestic and international trade.

To protect consumer interest, the Food Safety Act seeks to prevent the adulteration, misbranding, fraudulent practices and practices which mislead the consumer, and prevent misrepresentation in the labelling and false advertising in the presentation of food. The DA and DOH are mandated to set food safety standards, which are the requirements that food or food processors have to comply with to safeguard human health.

The law likewise mandates the use of Science-based risk analysis in food safety regulation and prescribes the adoption of precautionary measures when the available relevant information for use in risk assessment is insufficient to show a certain type of food or food product does not pose a risk to consumer health.

In addition, food imported, produced, processed and distributed for domestic and export markets should comply with the following requirements: (a) food to be imported into the country must come from countries with an equivalent food safety regulatory system; (b) imported foods shall undergo cargo inspection and clearance procedures by the DA and DOH at the first port of entry to determine compliance with national regulations; and (c) exported food shall at all times comply with national regulations and regulations of the importing country.

The Food Safety Act imposes the following responsibilities on Food Business Operators (“**FBO**”): (a) FBO shall be knowledgeable of the specific requirements of food law with respect to their activities in the food supply chain and the procedures adopted by relevant government agencies, and adopt, apply and be well informed of codes and principles for good practices; (b) in the event a FBO considers or has reason to believe that food which it produced, processed, distributed or imported is not safe or not in compliance with food safety requirements, it shall immediately initiate procedures to recall the product and inform the regulator; (c) FBO shall allow inspection of their businesses and collaborate with the regulatory authorities to avoid risks posed by the food product/s which they have supplied; and (d) where the unsafe or noncompliant food product may have reached the consumer, it shall effectively and accurately inform the consumers of the reason for the withdrawal, and if necessary, recall the same from the market.

For the enforcement of the Food Safety Act, the food safety regulatory agencies are authorized to perform regular inspection of food business operators taking into consideration the compliance with mandatory safety standards; implementation of the Hazard Analysis at Critical Control Points (“**HACCP**”) or the science-based system that identifies, evaluates, and controls hazards for food safety at critical points; good manufacturing practices; and other requirements of regulations. It is prohibited to refuse access to pertinent records or entry of inspection officers of the food safety regulatory agencies. It is likewise prohibited, among others, to produce, handle, or manufacture for sale, offer for sale, distribute in commerce, or import any food or food product, which is banned or is not in conformity with applicable quality or safety standard. The commission of any of the prohibited acts under the Food Safety Act can result in imprisonment and/or a fine.

The implementing rules and regulations of the Food Safety Act requires all food businesses, including large and medium scale food businesses engaged in the manufacture of processed and pre-packaged food, to have a Food Safety Compliance Officer (“**FSCO**”) who has passed a prescribed training course for FSCO recognized by the DA and/or the DOH.

FBOs producing processed and pre-packaged food should develop a Risk Management Plan as basis for the issuance of appropriate authorizations by the DOH. If an FBO considers or has reason to believe that a food which it produced, processed, distributed or imported is not safe or not in compliance with food safety requirements, it should immediately initiate procedures to withdraw the food in question from the market and inform the regulatory authority in accordance with the approved product recall program.

FBOs should also report any incident where its product has caused or contributed to the death, serious illness or serious injury to a consumer or any person. The product should be withdrawn from the market, in accordance with the FBO's respective product recall program, and disposed according to the procedures prescribed by the DA and/or the DOH.

The FDA may order a recall if: (a) a distributed product presents a risk of illness or injury or gross consumer deception, (b) the manufacturer or distributor has not initiated a recall, and (c) an agency action is necessary or advisable to protect the public health and welfare. The manufacturer or distributor will be notified of the decision to order a product recall. The notification will specify the violation, the health hazard classification, the recommended recall strategy to be undertaken, and any other instructions appropriate to the conduct of the recall. Within 24 hours after the FDA issues an order for product recall, the FDA will issue a Public Health Alert to alert consumers on serious health hazards or other situations deemed to be in the public interest.

A product recall may also be initiated by a manufacturer or distributor of a violative product (*i.e.*, the product presents a risk of injury or does not conform to registered specifications). The manufacturer or distributor should provide the FDA the following information: (a) identity of the product involved, (b) the reason for the removal or correction and the date and circumstances under which the product deficiency or possible deficiency was discovered, (c) evaluation of the risk associated with the deficiency or possible deficiency, (d) total amount of such products produced and/or the time span of the production, (e) total amount of such products estimated to be in distribution channels, (f) distribution information, including the number of distribution outlets and where necessary, the names and addresses of the distribution channels, (g) copy of the recall communication or proposed communication, (h) proposed strategy for conducting the recall, and (i) name and phone number of the official who should be contacted concerning the recall.

Products which have been subject of a recall must immediately be removed from the market and must not be allowed for distribution and sale. Upon completion of the recall procedure, the concerned company must notify the FDA of the final disposition of the product. If the product is to be destroyed, the destruction should be witnessed by an FDA representative. If the product has been reprocessed to comply with registered specifications, distribution and sale of the reprocessed product will only be allowed following a written recommendation from the FDA to do so.

The FDA may seize the products or seek other court action if a firm refuses to conduct an FDA-ordered recall or where the FDA has reason to believe that a recall would not be effective, a recall is ineffective, or discovers that a violation is continuing.

The DOH, through the FDA, is responsible for the assurance of safety of processed and pre-packaged food products, whether locally produced or imported, including meat products. Renewal of the registration of processed meat and licenses of establishments manufacturing, importing or exporting, selling, offering for sale, transferring, or distributing processed meat should be in accordance with the existing FDA guidelines on renewal of authorizations.

The Food, Drugs and Devices, and Cosmetics Act

Republic Act No. 3720 or the Foods, Drugs and Devices, and Cosmetics Act, as amended by the FDA Act of 2009 (the "**FDDC Act**"), establishes standards and quality measures in relation to the manufacturing and branding of food products to ensure the safe supply thereof to and within the Philippines. The FDA is the governmental agency under the DOH tasked to implement and enforce the FDDC Act. The FDA requires both a license to manufacture food products, as well as individual certificates of registration for each product to be manufactured or sold in the Philippines.

The FDDC Act prohibits, among others, (i) the manufacture, importation, exportation, sale, offering for sale, distribution or transfer, non-consumer use, promotion, advertisement or sponsorship food products which are adulterated or misbranded or which, although requiring registration pursuant to the FDDC Act, are not registered with the FDA; and (ii) the manufacture, importation, exportation, transfer or distribution of any food product by any person or entity without a license to operate from the FDA. Any person found in violation of any of the provisions of the FDDC Act shall be subject to administrative penalties or imprisonment or both. Furthermore, the FDA has the authority to seize such food products found in violation of the FDDC Act as well as ban, recall and withdraw any food product found to be grossly deceptive, unsafe, or injurious to the consuming public.

FDA Rules and Regulations

Consistent with the mandate to adopt and establish mechanisms and initiatives that are aimed to protect and promote the right to health of every Filipino, the FDA issued the Rules and Regulations on the Licensing of Food Establishments and Registration of Processed Food, which require all food establishments to obtain a License to Operate ("**LTO**") from the FDA before they can validly engage in the manufacture, importation, exportation, sale, offer for sale, distribution,

and transfer of food products in the Philippine market. An initial LTO is valid for a period of two years, while a renewed license is valid for five years.

An LTO can be automatically renewed when (a) the application for renewal is filed before the expiration date of the license, (b) the prescribed renewal fee is paid upon filing of the application, and (c) a sworn statement indicating no change or variation in the establishment is attached to the application. An application for renewal of an LTO received after its date of expiration will be subject to a surcharge or penalty.

Further, the LTO subject of an application for renewal will be considered valid and subsisting until a decision or resolution by the FDA is rendered on the application for renewal as long as the application is filed within 120 days from LTO's original expiry. The automatic renewal of an LTO should not preclude the FDA from suspending, revoking or cancelling the same in case the owner violates any of the terms and conditions of the license or other relevant laws and implementing rules and regulations. The assignment or transfer of a valid and unexpired LTO, or pending application for renewal without any change or variation whatsoever in the establishment requires a mere amendment of the LTO or the application, as the case maybe.

The manufacture, importation, exportation, sale, offering for sale, distribution, transfer, non-consumer use, promotion, advertising, or sponsorship of any health product without the proper authorization from the FDA is prohibited and punishable, by imprisonment and fine.

In addition to an LTO, the FDA also requires a Certificate of Product Registration ("**CPR**") for processed food products before said products are distributed, supplied, sold or offered for sale or use in the market. A CPR covering a particular health product constitutes prima facie evidence of the registrant's marketing authority for said health product in connection with the activities permitted pursuant to the registrant's LTO.

For processed food products, the validity of an initial CPR is two years to five years, while a renewed CPR is valid for five years; provided that upon renewal, its holder conforms with the pertinent standards and requirements including labelling regulations.

A CPR may be automatically renewed provided that: (a) the registrant has a current and valid LTO, (b) the product is covered by a current and valid CPR, and (c) there are no deficiencies that need to be corrected before the renewal of the CPR can be granted. The application for renewal must be filed at least 90 days before the expiration of the CPR, although an application for renewal may still be filed within 120 days after the expiration date of the CPR, subject only to the payment of a surcharge.

An expired CPR that has not been renewed within the 120-day grace period cannot be the subject of a renewal application and will be considered an initial application for the registration of the product.

The operation of a food business without the proper authorization from the FDA is prohibited and punishable with a fine. The closure of the establishment may also be imposed as a penalty upon a finding of a commission of a prohibited act.

The Consumer Act

Republic Act No. 7394 or the Consumer Act of the Philippines (the "**Consumer Act**") is principally enforced by the DTI and seeks to: (i) protect consumers against hazards to health and safety, (ii) protect consumers against deceptive, unfair and unconscionable sales acts and practices; (iii) provide information and education to facilitate sound choice and the proper exercise of rights by the consumer; (iv) provide adequate rights and means of redress; and (v) involve consumer representatives in the formulation of social and economic policies.

This law imposes rules to regulate such matters as (i) consumer product quality and safety; (ii) the production, sale, distribution and advertisement of food, drugs, cosmetics and devices as well as substances hazardous to the consumer's health and safety; (iii) fair, honest consumer transactions and consumer protection against deceptive, unfair and unconscionable sales acts or practices; (iv) practices relative to the use of weights and measures; (v) consumer product and service warranties; (vi) compulsory labelling and fair packaging; (vii) liabilities for defective products and services; (viii) consumer protection against misleading advertisements and fraudulent sales promotion practices; and (ix) consumer credit transactions.

The Consumer Act establishes quality and safety standards with respect to the composition, contents, packaging,

labelling and advertisement of food products and prohibits the manufacture for sale, offer for sale, distribution, or importation of food products which are not in conformity with applicable consumer product quality or safety standards. Like the FDDC Act, the Consumer Act also prohibits the manufacture, importation, exportation, sale, offering for sale, distribution or transfer of food products which are adulterated or mislabelled. In connection therewith, the Consumer Act provides for minimum labelling and packaging requirements for food products to enable consumers to obtain accurate information as to the nature, quality, and quantity of the contents of food products available to the general public.

Under the Consumer Act, the following are the minimum labeling requirements for consumer products sold in the Philippines: (a) the correct and registered trade name or brand name; (b) the duly registered trademark; (c) the duly registered business name; (d) the address of the manufacturer, importer, repacker of the consumer product in the Philippines; (e) the general make or active ingredients; (f) the net quantity of contents, in terms of weight, measure or numerical count rounded off to at least the nearest tenths in the metric system; (g) the country of manufacture, if imported; and (h) if a consumer product is manufactured, refilled or repacked under license from a principal, the label shall so state the fact. Additional labeling requirements imposed by the Consumer Act for food products include: (a) expiry or expiration date, where applicable; (b) whether the consumer product is semi-processed, fully processed, ready-to-cook, ready-to-eat, prepared food or just plain mixture; (c) nutritive value, if any; and (d) whether the ingredients used are natural or synthetic, as the case may be.

Manufacturers, distributors, importers or re-packers of consumer products are required to indicate in their labels or packaging a parallel translation in the English or Filipino language of the nature, quality, quantity and other relevant prescribed information or instructions of such consumer products in a manner that cannot be easily removed, detached or erased. In addition to the information required to be displayed in the principal and secondary panels, DTI Administrative Order No. 01-08 mandates that all consumer products sold in the Philippines, whether manufactured locally or imported shall indicate and specify the (a) country of manufacture; (b) required information of consumption duration safety; (c) warranty of the manufacturer; (d) weight content prior to packaging; (e) consumer complaint desk address; and (f) all other information necessary for giving effect to a consumer's right to information.

For alcoholic beverages, the alcohol content in terms of percentage volume or proof units shall be indicated on the label of alcoholic beverages.

The DTI is tasked with implementing the Consumer Act with respect to labels and packaging of consumer products other than food products, and regulates product labeling, proper and correct description of goods, product labels with foreign characters/languages, data/information on product contents and origins and other similar matters. With respect to the packaging and repackaging of food products, such activities are regulated by the DOH and the FDA. Establishments engaged in these activities are required to comply with, among others, the current guidelines promulgated by the DOH on good manufacturing practice in manufacturing, packing, repacking, or holding food.

In addition, the Consumer Act prohibits the false, deceptive or misleading advertisements and sales promotions and deceptive sales acts and practices in connection with food products. An advertisement shall be false, deceptive or misleading if it is not in conformity with the provisions of the Consumer Act or if it is misleading in any material respect. In determining whether any advertisement is false, deceptive or misleading, there shall be taken into account, among other things, not only representations made or any combination thereof, but also the extent to which the advertisement fails to reveal material facts in the light of such representations, or materials with respect to consequences which may result from the use or application of consumer products or services to which the advertisement relates under the conditions prescribed in said advertisement, or under such conditions as are customary or usual.

Any person found in violation of the provisions of the Consumer Act shall be subject to administrative penalties and/or imprisonment of not less than one year but not more than five years, or a fine of not less than ₱5,000.00 but not more than ₱10,000.00 or both, at the discretion of the court. Should the offense be committed by a juridical person, the chairman of the board of directors, the president, general manager, or the partners and/or the persons directly responsible therefore shall be penalized. Under the Consumer Act, the DOH also has the authority to order the recall, ban, or seizure from public sale or distribution of food products found to be injurious, unsafe or dangerous to the general public.

The Livestock and Poultry Feeds Act

Republic Act No. 1556 or the Livestock and Poultry Feeds Act and its implementing rules and regulations (the "**Livestock and Poultry Feeds Act**"), regulates and controls the manufacture, importation, labelling, advertising and sale of

livestock and poultry feeds. The Bureau of Animal Industry (the “**BAI**”) is the governmental office under the DA tasked to implement and enforce the Livestock and Poultry Feeds Act.

Under the Livestock and Poultry Feeds Act, any entity desiring to engage in the manufacture, importation, exportation, sale, trading or distribution of feeds or other feed products must first register with the BAI. There must be a separate registration for each type and location of feed establishment. Furthermore, the Livestock and Poultry Feeds Act provides that no feeds or feed products may be manufactured, imported, exported, traded, advertised, distributed, sold, or offered for sale, or held in possession for sale in the Philippines unless the same has been registered with the BAI. There must also be a separate registration for each type, kind, and form of feed or feed product. Feeds and feed products produced through toll manufacturing shall be registered with the company that owns the same. All commercial feeds must comply with the nutrient standards prescribed by the DA. Registration of feed and feed products and feed establishments is required to be renewed on a yearly basis. The Livestock and Poultry Feeds Act also provides branding, labelling and advertising requirements for feeds and feed products and the establishment of in-house quality control laboratories by manufacturers and traders of feed and feed products. Any person found in violation of the provisions of the Livestock and Poultry Feeds Act shall be subject to administrative penalties or imprisonment or both.

The Company’s feedmills, whether Company-owned and tolled, are all registered with the BAI and we pay monthly inspection fees based on the number of metric tons of feeds produced. The Company also seeks approval from the BAI for brand names and register every new product prior to market launch. To obtain the brand name approval and product registration, the Company submits a notarized Application for Feed Product Registration, Certificate of Analysis and three copies of feed tags to be inserted in the packaging of the new product. Based on this information, the BAI makes a determination as to whether the new product is within its specifications.

The Meat Inspection Code

Republic Act No. 9296 or the Meat Inspection Code of the Philippines, as amended (the “**Meat Inspection Code**”) establishes quality and safety standards for the slaughter of food animals and the processing, inspection, labelling, packaging, branding and importation of meat (including, but not limited to, pork, beef, and chicken meat) and meat products. The NMIS, a specialized regulatory service attached to the DA, serves as the national controlling authority on all matters pertaining to meat and meat product inspection and meat hygiene to ensure meat safety and quality from farm to table. It has the power to accredit meat establishments and exporters, importers, brokers, traders and handlers of meat and meat products. On the other hand, the different local government units, in accordance with existing laws, policies, rules and regulations and quality and safety standards of the DA, have the authority to regulate the construction, management and operation of slaughterhouses, meat inspection, and meat transport and post-abattoir control within their respective jurisdictions, and to collect fees and charges in connection therewith.

The Meat Inspection Code covers all meat establishments (including, but not limited to, slaughterhouses, poultry dressing plants, meat processing plants and meat shops) where food animals are slaughtered, prepared, processed, handled, packed, stored, or sold. It requires the inspection of food animals before it shall be allowed for slaughter in licensed private slaughterhouses in which meat or meat products thereof are to be sold. A post-mortem examination is also required for carcasses and parts thereof of all food animals prepared as articles of commerce which are capable of use as human food. Only meat or meat products from meat establishments that have passed inspection and have been so marked may be sold or offered for sale to the public.

Said Code also requires all meat establishments to (i) comply with the Animal Welfare Act of 1998 for the adequate protection of food animals awaiting slaughter and all pollution control and environmental laws and regulations relating to the disposal of carcasses and parts thereof; and (ii) adopt Good Manufacturing Practices and Sanitation Standard Operating Procedures programs for the production, storage and distribution of its meat products. Any person found in violation of the provisions of the Meat Inspection Code shall be subject to administrative penalties or imprisonment or both. Furthermore, any carcasses, parts of carcasses or products of carcasses found to have been prepared, handled, packed, stored, transported or offered for sale as human food not in accordance with the provisions thereof shall be confiscated and disposed of at the expense of the person found to be in violation thereof.

The DA requires all operators and/or owners of postharvest meat establishments to subject their facilities for evaluation for the issuance of an LTO by the NMIS.

The Company’s poultry processing plants and livestock slaughter plants, both Company-owned and tolled, are all accredited by NMIS. Since the Company’s plants have all been issued an LTO, CPR, and/or Export Commodity Clearance Certificate by the FDA, products from those plants qualify for distribution to any location throughout the Philippines or

for export. Plant accreditations are renewed annually following inspection by NMIS for compliance with the Good Manufacturing Practices, Sanitation Standard Operating Procedures and Hazard Analysis and Critical Control Points. NMIS inspectors are also stationed at each of the Company's poultry processing plants and livestock slaughter plants on a daily basis and issue certifications for each batch of products that is shipped from any of those plants.

The Price Act

Republic Act No. 7581 or the Price Act, as amended, provides for price controls for basic necessities and prime commodities in certain situations, pursuant to the policy of the government to ensure the availability of basic necessities and prime commodities at reasonable prices at all times without denying legitimate business a fair return on investment. Basic necessities include rice, corn, root crops, bread; fresh, dried and canned fish and other marine products; fresh pork, beef, and poultry meat; fresh eggs; potable water in bottles and containers; fresh and processed milk; fresh vegetables and fruits; locally manufactured instant noodles; coffee; sugar; cooking oil; salt; laundry soap and detergents; firewood; charcoal; household liquefied petroleum gas (LPG) and kerosene; candles; drugs classified as essential by the DOH and such other goods as may be included. Prime commodities include flour; dried, processed and canned pork, beef and poultry meat; dairy products not falling under basic necessities; onions, garlic, vinegar, patis, soy sauce; toilet soap; fertilizer, pesticides, and herbicides; poultry, livestock and fishery feeds and veterinary products; paper; school supplies; nipa shingles; sawali; cement; clinker; GI sheets; hollow blocks; plywood; plyboard; construction nails; electrical supplies; batteries; light bulbs; steel wire; all drugs not classified as essential drugs by the DOH and such other goods as may be included.

Under the Price Act, the prices of basic commodities may be automatically frozen at their prevailing prices or placed under automatic price control whenever:

1. That area is proclaimed or declared as a disaster area or under a state of calamity;
2. That area is declared under emergency;
3. The privilege of the writ of habeas corpus is suspended in that area;
4. That area is placed under martial law; or
5. That area is in a state of rebellion or war.

The President of the Philippines may likewise impose a price ceiling on basic necessities and prime commodities in cases of calamities, emergencies, illegal price manipulation or when the prevailing prices have risen to unreasonable levels. Unless sooner lifted by the President of the Philippines, prices shall remain frozen for a maximum of sixty days.

The DA, DTI, DENR and DOH are the implementing agencies responsible for the enforcement of the Price Act. The implementing government agencies of the Price Act are given the authority thereunder to issue suggested retail prices, whenever necessary, for certain basic necessities and/or prime commodities for the information and guidance of concerned trade, industry and consumer sectors.

The Price Act considers it unlawful for any person habitually engaged in the production, manufacture, importation, storage, transport, distribution, sale or other methods of disposition of goods to engage in illegal price manipulation of any basic necessity or prime commodity through:

1. Cartels, defined as any combination of or agreement between two or more persons engaged in the production, manufacture, processing, storage, supply, distribution, marketing, sale or disposition of any basic necessity or prime commodity designed to artificially and unreasonably increase or manipulate its price;
2. Hoarding, defined as the undue accumulation by a person or combination of persons of any basic commodity beyond his or their normal inventory levels or the unreasonable limitation or refusal to dispose of, sell or distribute the stocks of any basic necessity or prime commodity to the general public or the unjustified taking out of any basic necessity or prime commodity from the channels of reproduction, trade, commerce and industry; or
3. Profiteering, defined as the sale or offering for sale of any basic necessity or prime commodity at a price grossly in excess of its true worth.

Any person found in violation of the provisions of the Price Act shall be subject to administrative penalties or imprisonment or both.

The Philippine Food Fortification Act

Republic Act No. 8976 or the Philippine Food Fortification Act of 2000 (the “**PFF Act**”) provides for the mandatory fortification of wheat flour, cooking oil and other staple foods and the voluntary fortification of processed food products. The fortification of food products is required to be undertaken by the manufacturers, importers and processors thereof. The FDA is the government agency responsible for the implementation of the PFF Act with the assistance of the different local government units which are tasked under the said law to monitor foods mandated to be fortified which are available in public markets, retail stores and foodservice establishments and to check if the labels of fortified products contain nutrition facts stating the nutrient added and its quantity. Any person in violation of the PFF Act shall be subject to administrative penalties. Furthermore, the FDA may refuse or cancel the registration or order the recall of food products in violation of said law.

All Magnolia-branded products are compliant with the PFF Act. For example, the Company uses iodized salt in Magnolia products to comply with Republic Act No. 8172 (An Act for Salt Iodization Nationwide).

For wheat flour, the addition of Vitamin A and Iron are mandated under standards set by the DOH. The Company’s flour business has been compliant with the requirements of the PFF Act since 2004.

Government Regulations on the Manufacture and Wholesale of Alcoholic Beverages

Beverages are included in the definition of “food” and are within the coverage of the Food Safety Act. An LTO and other requirements specified in the Food Safety Act and its implementing rules and regulations are likewise necessary for establishments engaged in the manufacturing, importation, exportation, sale, offer for sale, distribution, transfer, use, testing, promotion, advertisement, and/or sponsorship of alcoholic beverages. Alcoholic beverages have been classified by the FDA as low risk food products in based on the Codex Alimentarius General Standard for Food Additives and the UN Food and Agriculture Organization Risk Categories. Food establishments classified as high risk are prioritized for inspection by the FDA.

Retail Trade Liberalization Act of 2000, as amended

Republic Act no. 8762, as amended by Republic Act No. 11595 regulates retail activities by foreign entities. Foreign retailers are required to have a minimum paid-up capital and a minimum store investment, subject to the review of the Department of Trade and Industry, the Securities and Exchange Commission, and the Department of Economy, Planning, and Development. These retailers are also encouraged to hire domestic labor and to maintain an inventory of products manufactured in the Philippines to promote the local economy.

Excise Tax on Sweetened Beverages

Section 47 of the Republic Act No. 10963 or the Tax Reform for Acceleration and Inclusion (TRAIN) Law amended the National Internal Revenue Code to impose a ₱6.00 excise tax per liter of beverages using purely caloric sweeteners and purely non-caloric sweetener, or a mix of caloric and non-caloric sweeteners and ₱12.00 excise tax per liter on sweetened beverages using purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener. Beverages that are purely sweetened using coconut sap sugar and steviol glycosides are exempt from the excise tax. For powdered juices, the computation of excise tax depends on how much liters can a serving or pack can make based on the serving suggestion on the label.

REGULATION RELATING TO THE PACKAGING BUSINESS

Safety and Quality Regulations under the Consumer Act

The DTI is tasked to implement the Consumer Act with respect to labels and packaging of consumer products other than food products, and regulates product labeling, proper and correct description of goods, product labels with foreign characters/languages, data/information on product contents and origins and other similar matters.

Manufacturers, distributors, importers or repackers of consumer products are required to indicate in their labels or packaging, a parallel translation in the English or Filipino language of the nature, quality and quantity and other relevant prescribed information or instructions of such consumer products in a manner that cannot be easily removed, detached or erased. In addition to the information required to be displayed in the principal and secondary panels, DTI Administrative Order No. 01-08 mandates that all consumer products sold in the Philippines, whether manufactured locally or imported shall indicate and specify the (i) country of manufacture; (ii) required information of consumption duration safety; (iii) warranty of the manufacturer; (iv) weight content prior to packaging; (v) consumer complaint desk

address; and (vi) all other information necessary for giving effect to a consumer's right to information.

The packaging of consumer products must not cause the purchaser to be deceived as to the contents, size, quantity, measurement or fill of the product. For consumer products which are packaged in such a way that the contents cannot be seen or inspected upon purchase, samples or labeling describing the product inside the package, in words, in pictorial or graphical representation or by similar means, shall be provided for the inspection of the purchaser. Such sample or description should accurately represent the product in the package.

With respect to the packaging and repackaging of food products, such activities are regulated by the DOH and the FDA as discussed above. Establishments engaged in these activities are required to comply with, among others, the current guidelines on good manufacturing practice in manufacturing, packing, repacking, or holding food promulgated by the DOH.

REGULATION RELATING TO THE FUEL AND OIL BUSINESS

Oil Deregulation Act

The Oil Deregulation Act provides the regulatory framework for the downstream oil industry of the country.

Under the Oil Deregulation Act, any person or entity may import or purchase any quantity of crude oil and petroleum products from foreign or domestic sources, lease or own and operate refineries and other downstream oil facilities, and market such crude oil and petroleum products either in a generic name or in its own trade name, or use the same for its own requirement, provided that, among others such person or entity complies with certain requirements such as giving of prior notice to the DOE for monitoring purposes. The same law declared as policy of the state the liberalization and deregulation of the downstream oil industry in order to ensure a truly competitive market under a regime of fair prices, adequate and continuous supply of environmentally clean and high-quality petroleum products.

To ensure the attainment of these objectives, the DOE, in consultation with relevant government agencies, promulgated the Implementing Rules and Regulations of the Oil Deregulation Act on March 11, 1998 through Department Circular No. 98-03-004. The rules require any person or entity engaged in any activity in the downstream oil industry to comply with the notice, reportorial, quality, health, safety and environmental requirements set forth therein.

The DOE is the leading Philippine government agency overseeing the oil sector. With the enactment of the Oil Deregulation Act, the regulatory functions of the DOE were significantly reduced. Deregulating the downstream oil industry effectively removed the rate-setting function of the then Energy Regulatory Board, leaving price-setting to market forces. The current function of the DOE is solely to monitor prices and violations under the law, which includes prohibited acts such as cartelization and predatory pricing.

Other functions of the DOE under the Oil Deregulation Act include the following:

- monitoring and publishing the daily international crude oil prices, following the movements of domestic oil prices, monitoring the quality of petroleum and stopping the operation of businesses involved in the sale of petroleum products which do not comply with national standards of quality;
- monitoring the refining and manufacturing processes of local petroleum products to ensure clean and safe technologies are applied;
- maintaining a periodic schedule of present and future total industry inventory of petroleum products to determine the level of supply;
- immediately acting upon any report from any person of an unreasonable rise in prices of petroleum products; and
- in times of national emergency, when the public interest so requires, during the emergency and under reasonable terms, temporarily taking over or directing the operations of any person or entity engaged in the industry.

Recent circulars that serve as additional and more updated guidelines in implementing the law include the following:

- Department Circular 2019-05-008. This DOE circular requires oil companies to submit a detailed computation, with corresponding explanation and supporting documents, of the cost components of liquid fuel and LPG on a per liter and per product basis. The circular has not been implemented following the temporary restraining

orders and writs of preliminary injunction issued by the Regional Trial Courts of Taguig and Mandaluyong. Last September 10, 2024, the Supreme Court made public its decision dated July 31, 2024 affirming the validity of the circular in one of the cases filed against its implementation.

- Department Circular 2021-09-0029. The “Revised Guidelines on Notices and Reportorial Requirements Pursuant to the Oil Deregulation Law” was published on November 5, 2021 requires the submission of monthly and annual reports using revised templates for DOE to monitor importation and/or production of oil companies (and for Petron as a refiner) and includes additional reportorial requirements for lubes and blending plants, with more stringent penalties for non-compliance.

The Energy Data Center of the Philippines (“**EDCP**”) is the central repository of petroleum, coal and geothermal energy data in the Philippines. The DOE issued Department Circular No. DC2023-10-0028 which provides that declassified EDCP data may be requested by eligible persons or entities, subject to a fee. The declassification of petroleum data is a step taken by the DOE to attract more exploration and production companies to engaged in exploration activities which may provide new discoveries of oil and gas fields which may lead to their development and production. Under DC2023-10-0028, eligible persons or entities are (1) Government entities and instrumentalities; (2) Service Contractors; (3) Potential Investors; (3) Researchers and/or Students; (4) other persons or entities that may be allowed by the DOE upon written request.

Promotion of Retail Competition

In November 2017, the DOE promulgated Department Circular No. DC 2017-11-011, or the Revised Rules and Regulations Governing the Business of Retailing Liquid Petroleum Products, (the “**Revised Retail Rules**”). The Revised Retail Rules apply to all persons engaged or intending to engage in the business of retailing liquid fuels such as gasoline, diesel, and kerosene.

A person intending to engage in the business of retailing liquid petroleum products must notify the Oil Industry Management Bureau (“**OIMB**”) of its intention to engage in such activity and, upon compliance with the requirements under the Revised Retail Rules, secure a certificate of compliance (“**Certificate of Compliance**”) from the OIMB. The certificate shall be valid for a period of five years. The owner or operator of a retail outlet shall be deemed to be engaged in illegal trading of liquid petroleum products if such owner or operator operates a retail outlet without a Certificate of Compliance. Storage and dispensing of liquid fuels that are for own-use operation shall not be covered by the Revised Retail Rules only upon issuance of a Certificate of Non-Coverage by the DOE.

The Revised Retail Rules likewise imposes: (i) mandatory standards and requirements for new retail outlets and minimum facility requirements for existing retail outlets; (ii) rules and procedures relating to fuel storage, handling, transfer and/or dispensing of liquid fuels; (iii) requirements of other types of retail outlets; (iv) the conduct of inspection and monitoring by the OIMB; (v) rules and procedures relating to liquid fuels quantity and quality; and (vi) fines and/or sanctions against prohibited acts.

Liquid petroleum products dispensed at retail outlets must comply with the Philippine National Standards. Prohibited acts include illegal trading, adulteration, underdelivering, refusal/ obstruction of inspection and sampling, hoarding, and continuing to operate after an order or notice of cessation of operation has been issued by the DOE. The refusal of inspection shall constitute prima facie evidence of the commission of prohibited acts under the Revised Retail Rules.

LPG Laws and Regulations

LPG Industry Regulation Act

Republic Act No. 11592 or the LPG Industry Regulation Act ("**LPG Industry Regulation Act**"), was signed into law on October 14, 2021. The law lists down the responsibilities of LPG Industry Participants, including compliance with Philippine National Standards and LPG-related issuances and guidelines, observation of safety practices and entering into contracts only with authorized LPG Industry Participants. The law also provides additional responsibilities specific to each type of LPG Industry Participant, including bulk suppliers, bulk distributors, haulers, refillers, trademark owners, dealers and retail outlets. These players must be registered in a central database to be created by the DOE. The law further provides for the requirement of securing a License to Operate from the DOE to be an authorized LPG Industry Participant.

The LPG Industry Regulation Act introduced two (2) new programs: the LPG Cylinder Improvement Program and the LPG Exchange and Swapping Program. The LPG Cylinder Improvement Program is a system that aims to ensure the quality of all LPG cylinders in circulation with the goal of protecting the end-consumers. The LPG Exchange and Swapping Program is a system that allows end-consumers to exercise their freedom of choice in the purchase of LPG-filled cylinders through LPG cylinder exchange and LPG cylinder swapping.

The law likewise provides for prohibited acts, including engaging in LPG industry-related activities without the required licenses, certificates, and permits, manufacturing, selling, fabricating or refilling filled and unfilled LPG cylinders without the express approval of the trademark owner, and selling or distributing refilled LPG cartridges and cylinders without a seal or tampered seal.

The Implementing Rules and Regulations of the LPG Industry Regulation Act as provided by the DOE-DTI Joint Department Circular No. JDC2022-05-0001 establishes the regulatory framework for the safe operations of the LPG industry, delineating the powers and functions of various government agencies, defining, and penalizing certain prohibited acts.

As of date, various circulars are in their implementation stage, including the application guidelines for License to Operate (DOE DC 2022-11-037), establishment of LPG Cylinder Exchange and Swapping Program (DOE Department Circular 2022-11-0002), and Guidelines for the Recognition of LPG Training Institutions (DOE Department Circular 2023-08-0025).

Batas Pambansa Blg. 33

Batas Pambansa Blg. 33, as amended by Presidential Decree No. 1865, provides for certain prohibited acts inimical to public interest and national security involving petroleum and/or petroleum products. These prohibited acts include, among others, (i) illegal trading in petroleum and/or petroleum products, and (ii) underdelivery or underfilling beyond authorized limits in the sale of petroleum products or possession of underfilled LPG cylinder for the purpose of sale, distribution, transportation, exchange or barter. For this purpose, the existence of the facts hereunder gives rise to the following presumptions:

- a. That cylinders containing less than the required quantity of LPG which are not property identified, tagged and set apart and removed or taken out from the display area and made accessible to the public by marketers, dealers, sub-dealers or retail outlets are presumed to be for sale;
- b. In the case of a dispensing pump in a petroleum products retail outlet selling such products to the public, the absence of an out-of-order sign, or padlocks, attached or affixed to the pump to prevent delivery of petroleum products therefrom shall constitute a presumption of the actual use of the pump in the sale or delivery of such petroleum products; and
- c. When the seal, whether official or of the oil company, affixed to the dispensing pump, tank truck or LPG cylinder, is broken or is absent or removed, it shall give rise to the presumption that the dispensing pump is underdelivering, or that the LPG cylinder is underfilled, or that the tank truck contains adulterated finished petroleum products or is underfilled.

The use of such pumps, cylinders or containers referred to in sub-paragraph (a), (b), and (c) above, to deliver products

for sale or distribution shall constitute prima facie evidence of intent of the hauler, marketer, refiller, dealer or retailer outlet operator to defraud.

Under the said law, “illegal trading in petroleum and/or petroleum products” is understood to mean, among others, (1) the sale or distribution of petroleum products without license or authority from the OIMB, (2) non-issuance of receipts by licensed oil companies, marketers, distributors, dealers, subdealers and other retail outlets, to final consumers; provided: that such receipts, in the case of gas cylinders, shall indicate therein the brand name, tare weight, gross weight, and price thereof, (3) refilling of LPG cylinders without authority from the Oil Industry Management Bureau, or refilling of another cylinders of a company or firm without written authorization of such Company or Firm, and (4) marking or using in such cylinders a tare weight other than the actual or true tare weight thereof.

“Underfilling” or “underdelivery” refers to a sale, transfer, delivery or filling of petroleum products of a quantity that is actually beyond authorized limits than the quantity indicated or registered on the metering device of container. This refers, among others, to the quantity of petroleum retail outlets or to LPG in cylinder or to lube oils in packages.

Republic Act 9514 - IRR

The Implementing Rules and Regulations of Republic Act No. 9514 or the Fire Code of 2008 also outlines requirements for storage and handling of LPG by outside bulk LPG stores and filling stations and the transportation of LPG which require, among others, that during the unloading or transfer of LPG, the tank truck shall be located or parked clear of a public thoroughfare, unless the failure to transfer would create a hazard or it is impossible due to topography.

LPG Industry Rules

In January 2014, the DOE issued Department Circular 2014-01-0001, or the Rules and Regulations Governing the Liquefied Petroleum Gas Industry (the “**LPG Industry Rules**”). The LPG Industry Rules apply to all persons engaged or intending to engage in the business of importing, refining, refilling, marketing, distributing, handling, storing, retailing, selling and/or trading of LPG.

A Standards Compliance Certificate (“**SCC**”) from the OIMB is required before engaging in any LPG Industry Activity. The SCC is valid for a maximum of three (3) calendar years from date of issue and may be renewed. LPG Industry participants must also submit certain reports to the OIMB.

The LPG Industry Rules also imposes (i) minimum standards and requirements for refilling and transportation of LPG; (ii) qualifications and responsibilities for LPG Industry participants such as bulk suppliers, refillers, marketers, dealers, and retail outlets.

Brand owners whose permanent mark appears on the LPG cylinder are presumed under the rules as the owner thereof, irrespective of their custody, and shall ensure that its cylinders comply with all required quality and safety standards. The owner of the cylinders is also required to secure product liability insurance for any liability that may result from an unsafe condition of LPG cylinders.

In January 2022, the DOE issued Joint Department Circular No. JDC2022-05-0001, or the Rules and Regulations Implementing the LPG Industry Regulation Act (the “**LPG Industry Regulation Act IRR**”) to establish the regulatory framework for the safe operations of the LPG industry, delineating the powers and functions of various government agencies, defining, and penalizing certain prohibited acts. The LPG Industry Regulation IRR states that the LPG Regulation Act applies to (a) importation, refining, storing, exporting, refilling, transportation, distribution, and marketing of LPG; (b) importation, manufacture, requalification, repair, exchange, swapping improvement, and scrapping of LPG pressure vessels, whichever is applicable; and (c) safe operations of the entire LPG industry including all LPG facilities and the residential, commercial, industrial, and automotive use of LPG.

Rules Pertinent to Auto-LPG Motor Vehicles

On February 13, 2007, the DOE issued DOE Circular No. DC 2007-02-0002 entitled “Providing for the Rules and Regulations Governing the Business of Supplying, Hauling, Storage, Handling, Marketing and Distribution of Liquefied Petroleum Gas for Automotive Use” (the “**Auto-LPG Rules**”). The Auto-LPG Rules govern the business of supplying, hauling, storage, handling, marketing and distribution of LPG for automotive use.

Under the rules, an Auto-LPG Industry Participant is required to secure from the DOE through the OIMB, an SCC before it can operate. The Auto-LPG also mandates all participants to observe a code of practice consisting of operational guidelines and procedures to ensure the safe operation in the auto LPG business. Illegal trading, adulteration and hoarding are likewise prohibited. Under the Auto-LPG Rules, the following shall constitute prima facie evidence of hoarding: (i) the refusal of Auto-LPG Dispensing Stations to sell LPG products for automotive use shortly before a price increase or in times of tight supply, and in both instances if the buyer or consumer has the ability to pay in cash for the product; (ii) the undue accumulation of Auto-LPG Dispensing Stations of LPG products for automotive use in times of tight supply or shortly before a price increase. For purposes of this Auto LPG Rules, “undue accumulation” shall mean the keeping or stocking of quantities of LPG products for automotive use beyond the inventory levels as required to be maintained by the Auto-LPG Dispensing Stations, for a period of thirty (30) days immediately preceding the period of tight supply or price increase.

The Land Transportation Office (“**LTO**”) also issued Memorandum Circular No. RIB-2007-891 or the “Implementing Rules and Regulations in the Inspection and Registration of Auto-LPG Motor Vehicles”. The Circular requires the device for the use of LPG as fuel by any motor vehicle to be installed only by the conversion/installing shop duly certified by the Bureau of Product and Standards (“**BPS**”) of the DTI under its Philippine Standards Certification Mark (“**PS Mark**”) scheme. The converted vehicle shall be subjected to an annual maintenance and inspection by the BPS certified conversion/installing shop. The BPS certified conversion/installing shop shall issue a corresponding Certificate of Inspection and Maintenance Compliance (“**CIMC**”).

Rules Relating to Retailing of Liquid Petroleum Products

In November 2017, the DOE promulgated Department Circular No. 2017-11-0011 or the Revised Rules and Regulations Governing the Business of Retailing Liquid Fuels (the “**Revised Retail Rules**”). The Revised Retail Rules apply to all persons engaged or intending to engage in the business of Retailing Liquid Fuels. Liquid Fuels refer to gasoline, diesel, and kerosene.

A person intending to engage in the business of retailing liquid petroleum products must notify the Oil Industry Management Bureau (“**OIMB**”) of its intention to engage in such activity and, upon compliance with the requirements under the Revised Retail Rules, secure a certificate of compliance (“**Certificate of Compliance**”) from the OIMB. The certificate shall be valid for a period of five (5) years. The owner or operator of a retail outlet shall be deemed to be engaged in illegal trading of liquid petroleum products if such owner or operator operates a retail outlet without a Certificate of Compliance. Storage and dispensing of liquid fuels that are for own-use operation shall not be covered by the Revised Retail Rules only upon issuance of a Certificate of Non-Coverage (“**CNC**”) by the DOE.

The Revised Retail Rules likewise imposes: (i) mandatory standards and requirements for new retail outlets and minimum facility requirements for existing retail outlets; (ii) rules and procedures relating to fuel storage, handling, transfer and/or dispensing of liquid fuels; (iii) requirements of other types of retail outlets; (iv) the conduct of inspection and monitoring by the OIMB; (v) rules and procedures relating to liquid fuels quantity and quality; and (vi) fines and/or sanctions against prohibited acts.

The prohibited acts under the Revised Retail Rules include illegal trading, adulteration, underdelivering, refusal/obstruction of inspection and sampling, hoarding, and continuing to operate after an order or notice of cessation of operation has been issued by the DOE. The refusal of inspection shall constitute prima facie evidence of the commission of Prohibited Acts under the Revised Retail Rules.

Liquid petroleum products dispensed at retail outlets must comply with the Philippine National Standards. On June 6, 2019, the DOE issued Department Circular No. DC2019-06-0009, otherwise known as Implementing the Modified Philippine National Standard Specifications for Liquefied Petroleum Gases. This issuance mandates compliance to PNS/DOE Quality Standards (“**QS**”) 005:2016 and PNS DOE QS 012:2016, the latest standard specifications for LPG for non-motor fuel and motor fuel, respectively. Meanwhile, on December 9, 2020, the DOE issued Department Circular No. DC2020-12-0025, also known as Implementing the Philippine National Standard Specification for Kerosene. This, on the other hand, mandates compliance of all kerosene sold in the Philippines with PNS/DOE QS 009:2019 – Kerosene – Specifications. Under the issuance, petroleum fuel product adulteration, or the failure to meet the required product specifications at the bulk plants/depots as prescribed by the applicable products standards, and adulteration, or the possession and sale of liquid fuels that do not conform with quality standards, are considered prohibited acts.

The recently enacted LPG Industry Regulation Act IRR also regulates liquid petroleum products.

Oil Pollution Compensation Act of 2007

Republic Act No. 9483, otherwise known as the Oil Pollution Compensation Act of 2007, imposes strict liability on the owner of the ship for any pollution damage caused within the Philippine territory. Pollution damage is the damage caused outside the ship by contamination due to the discharge of oil from the ship, as well as, the cost of preventive measures to protect it from further damage.

The law also provides that any person who has received more than 150,000 tons of “contributing oil” (as explained below) in a calendar year in all ports or terminal installations in the Philippines through carriage by sea shall pay contributions to the International Oil Pollution Compensation Fund in accordance with the provisions of the 1992 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage. For this purpose, “oil” includes any persistent hydrocarbon mineral oil such as crude oil, fuel oil, heavy diesel oil and lubricating oil, whether carried on board a ship as cargo or in bunkers of such a ship.

A person shall be deemed to have received “contributing oil,” for purposes of determining required contributions, if he received such oil from another country or from another port or terminal installation within the Philippines, notwithstanding that this oil had already been previously received by him. Where the quantity of contributing oil received by any person in the Philippines in a calendar year, when aggregated with the quantity of contributing oil received in the Philippines in that year by such person’s subsidiaries or affiliates, exceeds 150,000 tons, such person, including its subsidiaries and affiliates, shall pay contributions in respect of the actual quantity received by each, notwithstanding that the actual quantity received by each did not exceed 150,000 tons. Persons who received contributing oil are required to report the quantity of such oil received to the DOE. Contributing oil means crude oil and fuel oil as defined under Republic Act No. 9483.

Republic Act No. 9483 provides for the establishment of a fund to be constituted from, among others, an impost amounting to ten centavos per liter levied on owners and operators and tankers and barges hauling oil and/or petroleum products in Philippine waterways and coast wise shipping routes. This new fund, named the Oil Pollution Management Fund, will be in addition to the requirement under the 1992 Civil Liability Convention and 1992 Fund Convention and will be administered by the MARINA.

In April 2016, the Department of Transportation and Communications (now the DOTr) promulgated the implementing rules and regulations of Republic Act No. 9483. Under the rules, oil companies are required to submit (a) reports on the amount of contributing oil received and (b) sales and delivery reports of persistent oil.

Other Regulatory Requirements

Petroleum products are subject to Philippine National Standards specifications. The DTI, through the Bureau of Products Standards, ensures that all products comply with the specifications of the Philippine National Standards.

Philippine government regulations also require the following: fire safety inspection certificates; certificates of conformance of facilities to national or accepted international standards on health, safety and environment; product liability insurance certificates or product certificate of quality; and the ECC issued by the DENR for service stations and for environmentally-critical projects. Reports to the DOE are required for the following activities/projects relating to petroleum products: (a) refining, processing, including recycling and blending; (b) storing/transshipment; (c) distribution/ operation of petroleum carriers; (d) gasoline stations; (e) LPG refilling plant; (f) bunkering from freeports and special economic zones; and (g) importations of petroleum products and additives. In addition, importations of restricted goods require clearances from the proper Philippine government authorities.

Other Relevant Tax-related Regulations

Taxes and duties applicable to the oil industry have had periodic and unpredictable changes over the last several years. The import duty on crude oil was increased on January 1, 2005 from 3.0% to 5.0% but was later reduced to 3.0% effective as of November 1, 2005.

Under Executive Order No. 527 dated May 12, 2006, upon certification by the DOE that the trigger price levels provided therein have been reached, the 3.0% import duty on crude oil shall be adjusted to 2.0%, 1.0% or 0%. Subsequently, Executive Order No. 850, which took effect on January 1, 2010, modified the rates of duty on certain imported articles in order to implement the Philippines’ commitment to eliminate tariffs on certain products under the Common

Effective Preferential Tariff Scheme for the ASEAN Free Trade Area. Under the ASEAN Trade in Goods Agreement, crude oil and refined petroleum products imported from ASEAN Member States are levied zero rates. To address the tariff distortion between ASEAN and non-ASEAN Member States brought about by the implementation of the zero duty under Executive Order No. 850 and to provide a level playing field for local refiners to compete with importers, the President of the Philippines issued Executive Order No. 890, which also imposed zero duty effective as of July 4, 2010 for imported crude oil and refined petroleum products, except certain types of aviation gas, from Non-ASEAN Member States.

Republic Act No. 9337, also known as the “**Expanded VAT Law**”, imposed a VAT of 10.0% on certain goods and services, including petroleum products and its raw materials, particularly the sale and importation thereof. The rate was increased to 12.0% effective February 1, 2006. The Expanded VAT Law also limited the input VAT tax credit to only 70.0% of the output VAT. Subsequently, however, Republic Act No. 9361, which was approved on November 21, 2006, removed the 70.0% ceiling on the credit of input VAT to output VAT. As of November 1, 2005, the implementation date of the Expanded VAT Law, excise taxes on diesel, bunker fuel and kerosene were lifted and excise taxes for regular gasoline were lowered to ₱4.35 per liter of volume capacity. In February 2012, the BIR issued Revenue Regulation No. 2-2012 stating that VAT and excise taxes due on all petroleum and petroleum products that are imported and/or brought from abroad to the Philippines, including from the freeport and economic zones shall be paid by the importer to the Bureau of Customs.

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (“**TRAIN**”) took into effect. The TRAIN amended provisions of the Philippine Tax Code, among others, increasing excise tax rates of petroleum products. Excise tax rates on gasoline products were increased from ₱4.35 per liter to ₱7.00 per liter effective January 1, 2018, ₱9.00 per liter on January 1, 2019 and ₱10.00 per liter in January 1, 2020. Diesel and bunker fuel products which were previously not subject to excise taxes were imposed excise taxes at ₱2.50 per liter effective January 1, 2018 and increased further to ₱4.50 per liter on January 1, 2019 and ₱6.00 per liter on January 1, 2020.

Also, in compliance with the TRAIN, the Philippine government intends to implement a Philippine Fuel Marking Program in 2019 to mark imported and refined petroleum products such as gasoline, diesel and kerosene to ensure that all downstream fuels are tax and duty paid. Under the latest advisory of the Department of Finance, the Fuel Marking fee will be paid by the government to the Fuel Marking Service Provider for the first year of implementation. For the second to fifth year of implementation, said fee shall be borne by petroleum companies on top of duties and taxes to be collected by the Bureau of Customs or the BIR.

Republic Act No. 11534 or the CREATE Act took effect on April 11, 2021. The CREATE Act lowers corporate income taxes and rationalizes fiscal incentives. The corporate income tax rate for domestic corporations and resident foreign corporations has been reduced to 25% effective July 1, 2021 and on January 1, 2021 for non-resident foreign corporations. Domestic corporations and resident foreign corporations no longer have an option to be taxed at 15% on gross income and the rate of the minimum corporate income tax shall be lowered to 1%.

Under the CREATE Act, persons that directly import petroleum products for resale in the Philippine customs territory and/or in free zones will be subject to applicable duties and taxes. However, importers can file for the refund of duties and taxes for direct or indirect export of petroleum products, including the subsequent export of fuel, subject to the appropriate rules of the fuel marking program and/or other tax-exempt sales by the importer.

The CREATE Act also provides for the rationalization of tax incentives that may be granted by investment promotion agencies (such as the AFAB) to qualified registered business enterprises. As part of the rationalization of tax incentives, the CREATE Act provides that (i) any law to the contrary notwithstanding, the importation of petroleum products by any person will be subject to the payment of applicable duties and taxes under the Customs Modernization and Tariff Act and the National Internal Revenue Code, respectively, upon importation into the Philippine customs territory and/or into free zones (as defined in the Customs Modernization and Tariff Act), subject to the right of the importer to file claims for refund of duties and taxes under applicable law; and (ii) the importation of crude oil that is intended to be refined at a local refinery, including the volumes that are lost and not converted to petroleum products when the crude oil actually undergoes the refining process, will be exempt from payment of applicable duties and taxes, provided the applicable duties and taxes on the refined petroleum products shall be paid upon the lifting of the petroleum products produced from the imported crude oil in accordance with the rules and regulations that may be prescribed by the Bureau of Customs and the Bureau of Internal Revenue

On 28 November 2024, Republic Act 12066 or CREATE MORE Act (“**CREATE MORE**”) took effect. Under CREATE MORE, petroleum products sold to international carriers of Philippine or foreign registry directly importing petroleum products, on their use or consumption outside the Philippines are exempt from excise tax. On the other hand, importation of fuel, goods, and supplies used for international shipping or air transport operations are VAT-exempt. Under the new law, those engaged in the (1) export of goods and services; (2) engaged in e-commerce; and (3) those under the jurisdiction of the Large Taxpayer Services shall be required to issue electronic invoices. This is, however, dependent to the BIR’s establishment of a system which is capable of storing and processing the required data.

The CMEPA became effective on July 1, 2025. The Act aligns with the State’s recognition of the necessity for a simpler, fairer, more efficient, and more competitive passive income tax system to encourage savings and to develop and deepen capital markets. Further, the Act was aimed at easing tax compliance and making it more equitable and progressive.

Under the CMEPA, rates of tax on certain passive income provided for under Sec. 24 of the Tax Code have been amended. Among others, a final rate of 10% has been imposed on cash and/or property dividends actually or constructively received by an individual from a domestic corporation or from a joint stock company, insurance, or mutual fund company, or on the share of an individual in the distributable net income after tax of a partnership of which an individual is a partner, or on the share of an individual in the net income after tax of an association, a joint account, or a joint venture or consortium taxable as a corporation. A final tax rate of 15% has also been imposed on net capital gains from the sale, exchange, or other disposition of shares of stock in a domestic or foreign corporation.

For Domestic Corporations, a final tax of 20% has been imposed by the CMEPA on the amount of interest, yield, or other monetary benefit earned or received from any currency bank deposit, deposit substitute, trust fund, or other similar arrangements. Similarly, a final tax of 15% is also imposed on net capital gains realized on each taxable year from the sale, exchange, or other modes of disposition of shares of stock of a domestic or foreign corporation.

The CMEPA also introduced amendments to the tax on sale or exchange of shares of stock listed and traded which shall now be 1/10 of 1% of the gross selling price or gross value in money of the shares of stock sold, exchanged, or otherwise disposed which shall be paid by the seller or transferor. The stamp tax on original issuances of shares of stock has also been amended to be 75% of 1% of the par value of such shares of stock.

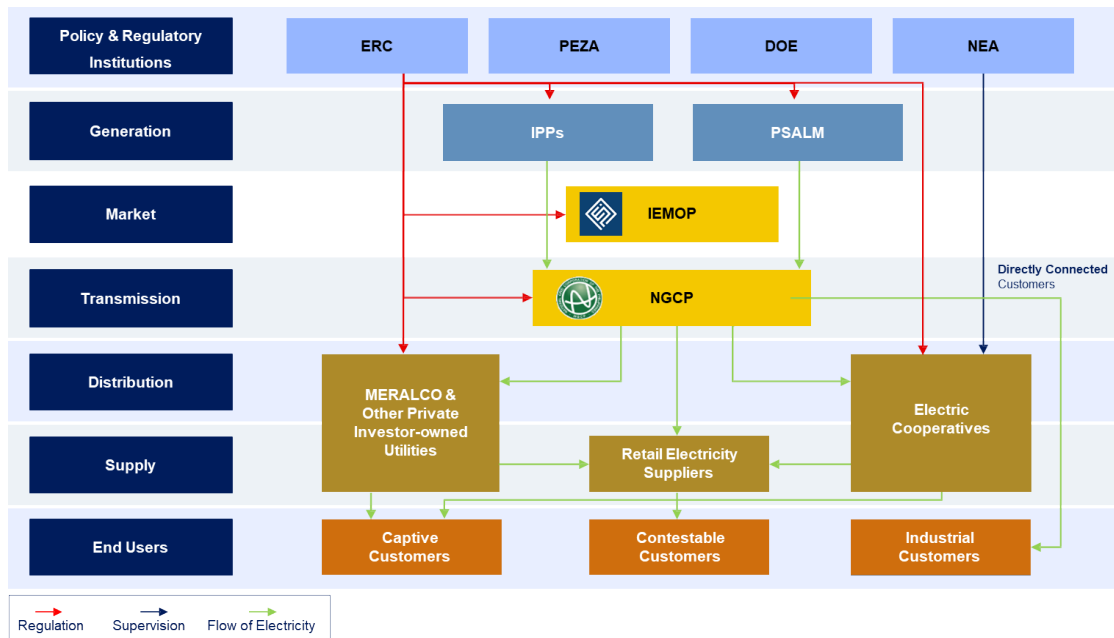
Republic Act No. 9136 or the EPIRA, provides for parity tax treatment among imported oil and indigenous fuels. Prior to the enactment of this law, indigenous fuels were imposed with higher taxes due to royalties to the Philippine government.

REGULATION RELATING TO THE ENERGY BUSINESS

Organization and Operation of the Power Industry

Republic Act No. 9136 or the EPIRA established a framework for the organization, operation and restructuring of the electric power industry, with the industry divided into four sectors: generation, transmission, distribution and supply. The following diagram shows the current structure of the electric power industry under the EPIRA.

Industry structure under the EPIRA:



Through the EPIRA, the Government instituted major reforms with the goal of fully privatizing all aspects of the power industry. The principal objectives of the EPIRA are:

- to ensure and accelerate the total electrification of the country;
- to ensure the quality, reliability, security and affordability of the supply of electric power;
- to ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market;
- to enhance the inflow of private capital and broaden the ownership base of the power generation, transmission and distribution sectors;
- to ensure fair and non-discriminatory treatment of public and private sector entities in the process of restructuring the electric power industry;
- to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;
- to assure socially and environmentally compatible energy sources and infrastructure;
- to promote the utilization of indigenous and new and renewable energy resources in power generation in order to reduce dependence on imported energy;
- to provide for an orderly and transparent privatization of the assets and liabilities of NPC;
- to establish a strong and purely independent regulatory body and system to ensure consumer protection and enhance the competitive operation of the electricity market; and
- to encourage the efficient use of energy and other modalities of demand side management.

With a view to implementing these objectives, the DOE, in consultation with the relevant Government agencies, electric power industry participants, non-Government organizations and electricity consumers, promulgated the IRR of the EPIRA on February 27, 2002 (subsequently amended in 2007).

The IRR governs the relations between, and respective responsibilities of, the different electric power industry participants as well as the particular Governmental authorities involved in implementing the structural reforms in the industry, including, but not limited to, the DOE, NPC, NEA, ERC and PSALM.

Reorganization of the Electric Power Industry

Of the many changes initiated by the EPIRA, of primary importance is the reorganization of the electric power industry by segregating the industry into four sectors: (i) the generation sector; (ii) the transmission sector; (iii) the distribution sector; and (iv) the supply sector. The goal is for the generation and supply sectors to be fully competitive and open, while the transmission sector will be a regulated common electricity carrier business and the distribution sector will be a regulated common carrier business requiring a national franchise, thus both the transmission and distribution sectors will be regulated as public utilities. Prior to the EPIRA, the industry was regulated as a whole, with no clear distinctions between and among the various sectors and/or services.

The Generation Sector

Under the EPIRA, power generation *per se* is not a public utility operation. Thus, generation companies are not required to secure congressional franchises, and there are no restrictions on the ability of non-Filipinos to own and operate generation facilities. However, generation companies must obtain a certificate of compliance from the ERC, as well as health, safety and environmental clearances from appropriate Government agencies under existing laws. Furthermore, PPAs and PSAs between generation companies and distribution utilities are subject to the review and approval of the ERC. Generation companies are also subject to the rules and regulations of the ERC on abuse of market power and anticompetitive behavior. In particular, the ERC has the authority to impose price controls, issue

injunctions, require divestment of excess profits and impose fines and penalties for violation of the EPIRA and the IRR policy on market power abuse, cross-ownership and anti-competitive behavior.

The goal of the EPIRA is for the generation sector to be open and competitive, while the private sector is expected to take the lead in introducing additional generation capacity. Generation companies will compete either for bilateral contracts with various RESs, electric cooperatives and private distribution utilities, or through spot sale transactions in the WESM. With the implementation of RCOA in Luzon and Visayas, generation companies are already able to sell electricity to eligible end-users. “Open Access” is defined under the IRR as the system of allowing any qualified person the use of electric power transmission and distribution systems; while “Retail Competition” is defined as the provision of electricity to a contestable market (which, under prevailing regulations, refer to electricity end-users with monthly average peak demand of at least 500 KW) by persons licensed by the ERC to engage in the business of supplying electricity end-users through Open Access.

Recovery by distribution utilities of their purchased power cost is subject to review by the ERC to determine reasonableness of the cost and to ensure that the distribution utilities do not earn any revenue therefrom. With the commencement of the RCOA, generation rates, except those intended for such end-users who may not choose their supplier of electricity (the “**Captive Market**”), ceased to be regulated.

The generation sector converts fuel and other forms of energy into electricity. It consists of the following: (i) NPC-owned-and-operated generation facilities; (ii) NPC-owned plants, which consist of plants operated by IPPs, as well as IPP-owned-and-operated plants, all of which supply electricity to NPC; and (iii) IPP-owned-and-operated plants that supply electricity to customers other than NPC.

Under the EPIRA, generation companies are allowed to sell electricity to distribution utilities or to RESs through either bilateral contracts or the WESM as described below. With the implementation of RCOA on December 26, 2013, as supplemented by DOE Department Circular No. DC2015-06-0010, generation companies may likewise sell electricity to eligible end-users with an average monthly peak demand of 750 KW and certified by the ERC to be contestable customers. In 2016, the ERC issued the implementing rules governing the issuance and renewal of licenses to RESs and the rules governing contestability of qualified end-users (collectively, the “**ERC RES Rules**”). However, in February 2017, the Philippine Supreme Court, acting on the petition filed by certain entities, issued a temporary restraining order enjoining the DOE and the ERC from implementing the rules and regulations implementing the RCOA, including the ERC RES Rules.

In response to the temporary restraining order, and to provide guidance to relevant power industry players, the DOE issued DC2017-12-0013 and DC2017-12-0014 encouraging eligible contestable customers to voluntarily participate in RCOA.

Subsequently, the DOE issued DC 2019-07-11 (Amending Various Issuances on the Implementation of the RCOA), which provides that contestable customers may voluntarily register as a trading participant in the WESM and that it shall source its electricity supply requirements from ERC-licensed/authorized suppliers.

On March 2, 2021, the Philippine Supreme Court promulgated its decision, a copy of which was made publicly available on September 24, 2021, finally declaring DC 2015-06-0010 and the 2016 ERC RES Issuances, void for being bereft of legal basis. As a result, the temporary restraining order issued by the Philippine Supreme Court in February 2017, which enjoined the DOE and ERC from implementing DC 2015-06-0010 and the 2016 ERC RES Issuances, has been made final. In the same decision, the Philippine Supreme Court also directed the ERC to promulgate the supporting guidelines to DC 2017-12-0013 and DC 2017-12-0014.

The generation sector must observe the Market Share Limitations set in the EPIRA which states that no generation company or related group is allowed to own more than 30.0% of the installed generating capacity of the Luzon, Visayas or Mindanao Grids and/or 25.0% of the national installed generating capacity. Also, no generation company associated with a distribution utility may supply more than 50.0% of the distribution utility’s total demand under bilateral contracts, without prejudice to the bilateral contracts entered into prior to the effectivity of the said Act.

Historically, the generation sector has been dominated by NPC. To introduce and foster competition in the sector, and, more importantly, to lessen the debt of NPC, the EPIRA mandates the total privatization of the generation assets and IPP contracts of NPC, which exclude the assets devoted to missionary electrification through the small power utilities group of NPC. NPC is directed to transfer ownership of all the assets for privatization to a separate entity, PSALM, which is specially tasked to manage the privatization. Beginning early 2004, PSALM has been conducting public bidding for the generation facilities owned by NPC.

Based on latest available data from PSALM as of February 25, 2024, PSALM has privatized 33 operating/generating power facilities (as of June 2023), with a total gross capacity of 5,416.43 MW. Moreover, additional seven (7) power plants with total gross capacity of over 3,610.25 MW were privatized through IPPA contracts, and five (5) decommissioned power facilities. Major generation assets sold include the 747.53 MW Tiwi-Makban geothermal power plant, the 600 MW Batangas (Calaca) coal-fired thermal power plant, the 600 MW Masinloc coal fired power plant, the 620 MW Limay combined cycle power plant, 360 MW Magat hydroelectric power plant, and the 305 MW Palinpinon-Tongonan geothermal power plant. Among the capacities privatized through IPPA Agreements include the 95.22 MW Mindanao I and II (Mt. Apo 1 and 2) geothermal power plants, 1,000 MW Sual coal-fired power plant, the 700 MW Pagbilao coal-fired power plant, the 345 MW of the San Roque Power Plant, the 70 MW Bakun hydroelectric power plant, the 40 MW Unified Leyte Geothermal Power Plant, and the 1,200 MW Ilijan combined-cycle gas-fired power plant. In 2018, PSALM also commenced the privatization of the 650 MW Malaya thermal power plant in Rizal and the 210 MW Mindanao coal-fired plant in Misamis Oriental.

Section 47(j) of the EPIRA prohibits NPC from incurring any new obligations to purchase power through bilateral contracts with generation companies or other suppliers. Also, NPC is only allowed to generate and sell electricity from generating assets and IPP contracts that have not been disposed of by PSALM.

Generation companies which are not publicly listed are required to offer and sell to the public a portion of not less than 15.0% of their common shares of stock. Under prevailing regulations, any offer of common shares of stock for sale to the public through any of the following modes shall be deemed as public offering:

- listing in the PSE;
- a public offering undertaken in accordance with the Securities Regulation Code and its implementing rules and regulations; and
- listing in any accredited stock exchange or direct offer of a portion of registered enterprises' capital stock to the public and/or their employees, when deemed feasible and desirable by the BOI.

On February 16, 2021, the ERC issued Resolution No. 03, series of 2021, dated November 11, 2020 entitled "A Resolution Adopting the Revised Guidelines for the Financial Capability Standards of Generation Companies" (the "**Revised Financial Guidelines**"). The Revised Financial Guidelines apply to all generation companies including IPPAs, except those which own only generation facilities exclusively for its own consumption or unless otherwise exempted by any law or statute. Under the Revised Financial Guidelines, a generation company is required, among others, to meet a minimum annual debt service capability ratio of 1.25x throughout the period covered by its ERC certificate of compliance, provided that if its financial or loan agreements require a higher debt service capability ratio, then such higher ratio shall serve as its minimum requirement. A generation company performing below the benchmark is required to submit its program to comply, setting forth the specific activities to be undertaken in order to meet the financial capability benchmark, within 60 days from receipt of an ERC directive. A generation company that fails to comply with the requirements set forth under the Revised Financial Guidelines shall be subject to imposition of fines and penalties. In addition, non-compliance with financial capability standards may result in the disclosure by the ERC of such fact, together with any mitigating or aggravating circumstances related thereto, via periodic bulletins.

On September 13, 2023, the ERC issued the revised rules for the issuance of certificates of compliance for generation facilities. The revised rules now stipulate that certificates of compliance are required only for the operation of new generation facilities. Renewal for existing COCs is not necessary, but the obligation to maintain valid and subsisting underlying permits remains. The revised rules also provide detailed lists of requirements for COC applications covering generation facilities, entities with self-generation facilities, distribution utilities on behalf of qualified end-users, facilities classified by the DOE as an energy project of national significance, and entities with distributed energy resources.

The Transmission Sector

Pursuant to the EPIRA, NPC has transferred its transmission and sub-transmission assets to TransCo, which was created pursuant to the EPIRA to assume, among other functions, the electrical transmission function of the NPC. The principal function of TransCo is to ensure and maintain the reliability, adequacy, security, stability and integrity of the nationwide electrical grid in accordance with the Philippine Grid Code ("**Grid Code**"). TransCo is also mandated to provide open and non-discriminatory access to its transmission system to all electricity users.

The transmission of electricity through the transmission grid is subject to transmission wheeling charges. As the

transmission of electric power is a regulated common carrier business, TransCo's transmission wheeling charges are subject to regulation and approval by the ERC.

The EPIRA also requires the privatization of TransCo through an outright sale of, or the grant of, a concession over the transmission assets while the sub-transmission assets of TransCo are to be offered for sale to qualified distribution utilities. In December 2007, NGCP, comprising a consortium of Monte Oro Grid Resources, Calaca High Power Corporation and State Grid Corporation of China, won the concession contract to operate, maintain and expand the TransCo assets with a bid of U.S.\$3.95 billion. On January 15, 2009, NGCP was officially granted the authority to operate the sole transmission system of the country pursuant to a legislative franchise granted by the Philippine Congress under Republic Act No. 9511.

The Grid Code establishes the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the Philippine Grid, or the high-voltage backbone transmission system and its related facilities. The Grid Code identifies and provides for the responsibilities and obligations of three key independent functional groups, namely: (a) the grid owner, or TransCo; (b) the system operator, or NGCP as the current concessionaire of TransCo; and (c) the market operator, or the PEMC. These functional groups, as well as all users of the grid, including generation companies and distribution utilities, must comply with the provisions of the Grid Code as promulgated and enforced by the ERC.

In order to ensure the safe, reliable and efficient operation of the Philippine Grid, the Grid Code provides for, among others, the following regulations:

- the establishment of a grid management committee, which is tasked with the monitoring of the day-to-day operations of the grid;
- performance standards for the transmission of electricity through the grid, as well as the operation and maintenance thereof, which standards shall apply to TransCo, NGCP, distribution utilities and suppliers of electricity; and
- technical and financial standards and criteria applicable to users of the grid, including generation companies and distribution utilities connected or seeking to connect thereto; and other matters relating to the planning, management, operation and maintenance of the grid.

The Distribution Sector

The distribution of electric power to end-users may be undertaken by private distribution utilities, cooperatives, local Government units presently undertaking this function, and other duly authorized entities, subject to regulation by the ERC. The distribution business is a regulated public utility business requiring a franchise from the Philippine congress, although franchises relating to electric cooperatives remained under the jurisdiction of the NEA until the end of 2006. All distribution utilities are also required to obtain a certificate of public convenience and necessity from the ERC to operate as public utilities. Based on the latest available data from the DOE, there are 28 private distribution utilities and 124 electric cooperatives in the Philippines.

They are also required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code ("**Distribution Code**") (which provides the rules and regulations for the operation and maintenance of distribution systems), the Distribution Services and Open Access Rules and the performance standards set out in the IRR of the EPIRA.

The distribution sector is regulated by the ERC, with distribution wheeling charges, as well as connection fees from its consumers, subject to ERC approval. The retail rate imposed by distribution utilities for the supply of electricity to its captive consumers is also subject to ERC approval. In addition, as a result of the policy of the Government in promoting free competition and Open Access, distribution utilities are now required to provide universal and non-discriminatory access to their systems within their respective franchise areas following commencement of the RCOA.

The Distribution Code establishes the basic rules and procedures that govern the operation, maintenance, development, connection and use of the electric distribution systems in the Philippines. The Distribution Code defines the technical aspects of the working relationship between the distributors and all the users of the distribution system, including distribution utilities, embedded generators and large customers. All such electric power industry participants in distribution system operations are required to comply with the provisions of the Distribution Code as promulgated

and enforced by the ERC.

To ensure the safe, reliable and efficient operation of distribution systems in the Philippines, the Distribution Code provides for, among others, the following regulations:

- technical, design and operational criteria and procedures to be complied with by any user who is connected or seeking connection to a distribution system;
- performance and safety standards for the operation of distribution systems applicable to distributors and suppliers; and
- other matters relating to the planning, development, management, operation and maintenance of distribution systems.

The Supply Sector

The supply of electricity refers to the sale of electricity directly to end-users. The supply function used to be undertaken largely by franchised distribution utilities. However, with the commencement of the RCOA, the supply function has become competitive. The retail supply business is not considered a public utility operation and suppliers are not required to obtain franchises. However, the supply of electricity to a market of end-users who have a choice on their supplier of electricity is considered a business affected with public interest. As such, the EPIRA requires all RESs to obtain a license from the ERC and they are subject to the rules and regulations of the ERC on the abuse of market power and other anti-competitive or discriminatory behavior.

A RES may only sell up to 50.0% of its total capacity to all of its end-user affiliates.

With the RCOA already implemented, a RES license will allow a generation company to enter into retail electricity supply agreements with contestable customers. This encourages competition at the retail level and it is planned that retail competition will gradually increase over time, provided that supply companies are sufficiently creditworthy to be suitable offtakers for generation companies.

The following table summarizes the power supply and demand highlights in the Philippines for 2024 based on data from the DOE:

Grid	Installed capacity (MW)	Dependable capacity (MW)	Available capacity¹³ (MW)	Peak demand (MW)
Luzon.....	21,232	18,770	16,243	14,016
.....				
Visayas	3,860	3,296	2,823	2,681
.....				
Mindanao	4,615	4,020	3,253	2,577
.....				
Philippines	29,706	26,087	22,319	19,274
.....				

In August 2024, the ERC also issued under ERC Resolution No. 13, series of 2024, the Omnibus Rules for Customer Choice Programs in the Retail Market which covers, among others, the legal, technical and managerial capability, and financial capability requirements for new RES License Applications and renewals.

Role of the ERC

The ERC is the independent, quasi-judicial regulatory body created under the EPIRA that replaced the Energy Regulatory Board. The ERC plays a significant role in the restructured industry environment, consisting of, among others, promoting competition, encouraging market development, ensuring consumer choice and penalizing abuse of market power by industry participants.

Among the primary powers and functions of the ERC are:

¹³ As of August 8, 2025

- to determine, fix and approve, after conducting public hearings, transmission and distribution wheeling charges and retail rates and to fix and regulate the rates and charges to be imposed by distribution utilities on their captive end-users, as well as the universal charge to be imposed on all electricity end- users, including self-generating entities;
- to grant, revoke, review or modify the certificates of compliance required of generation companies and the licenses required of suppliers of electricity in the contestable market;
- to enforce the Grid Code and Distribution Code, which shall include performance standards, the minimum financial capability standards, and other terms and conditions for access to and use of transmission and distribution facilities;
- to enforce the rules and regulations governing the operations of the WESM and the activities of the WESM operator and other WESM participants to ensure a greater supply and rational pricing of electricity;
- to ensure that the electric power industry participants and NPC functionally and structurally unbundled their respective business activities and rates and to determine the levels of cross-subsidies in the existing and retail rates until the same is removed in accordance with the different sectors;
- to set a lifeline rate for marginalized end-users;
- to promulgate rules and regulations prescribing the qualifications of suppliers which shall include, among others, their technical and financial capability and creditworthiness;
- to determine the electricity end-users comprising the contestable and Captive Markets;
- to fix user fees to be charged by TransCo/NGCP for ancillary services to all electric power industry participants or self-generating entities connected to the grid;
- to monitor and adopt measures to discourage or penalize abuse of market power, cartelization and any anticompetitive or discriminatory behavior by any electric power industry participant;
- to review and approve the terms and conditions of service of TransCo/NGCP and any distribution utility or any changes therein;
- to perform such other regulatory functions as are appropriate and necessary in order to ensure the successful restructuring and modernization of the electric power industry; and
- to have original and exclusive jurisdiction over all cases that involve the contesting of rates, fees, fines and penalties imposed in the exercise of its powers, functions and responsibilities and over all cases involving disputes between and among participants or players in the energy industry relating to the foregoing powers, functions and responsibilities except cases which involve abuse of market power, cartelization and any anticompetitive or discriminatory behavior by any electric power industry participant.

Role of the DOE

In accordance with its mandate to supervise the restructuring of the electric power industry, the DOE exercises, among others, the following functions:

- preparation and annual updating of the Philippine Energy Plan and the Philippine Power Development Program, and thereafter integrate the latter into the former;
- ensuring the reliability, quality and security of the supply of electric power;
- exercise of supervision and control over all Government activities pertaining to energy projects;
- encouragement of private investment in the power industry and promotion of the development of indigenous and renewable energy sources for power generation;

- facilitation of reforms in the structure and operation of distribution utilities for greater efficiency and lower costs;
- promotion of a system of incentives to encourage industry participants, including new generating companies and end-users, to provide adequate and reliable electric supply;
- education of the public (in coordination with NPC, ERC, NEA and the Philippine Information Agency) on the restructuring of the industry and the privatization of NPC assets; and
- establishment of the WESM in cooperation with electric power industry participants, and formulating rules governing its operations.

Role of the Joint Congressional Power Commission

The Joint Congressional Power Commission created pursuant to the EPIRA consists of 14 members selected from the members of the Philippine senate and house of representatives. Its responsibilities and functions include, among others, the following:

- monitoring and ensuring the proper implementation of the EPIRA;
- endorsement of the initial privatization plan of PSALM for approval by the President of the Philippines;
- ensuring transparency in the public bidding procedures adopted for the privatization of the generation and transmission assets of NPC;
- evaluation of the adherence of industry participants to the objectives and timelines under the EPIRA; and
- determination of inherent weaknesses in the EPIRA and recommend necessary remedial legislation or executive measures.

Competitive Market Devices

WESM

The EPIRA mandates the establishment of the WESM, which is a pre-condition for the implementation of the RCOA, within one year from its effectivity. The WESM provides a venue whereby generators may sell power, and at the same time, suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two.

The rules and regulations of WESM set the guidelines and standards for participation in the market, reflecting accepted economic principles and providing a level playing field for all electric power industry participants, and procedures for establishing the merit order dispatch for each time (hourly) trading period. These rules also provide for a mechanism for setting electricity prices that are not covered by bilateral contracts between electricity buyers and sellers.

On November 18, 2003, upon the initiative of the DOE, the PEMC was incorporated as a non-stock, non-profit corporation with membership comprising an equitable representation of electricity industry participants and chaired by the DOE. The PEMC acts as the autonomous market group operator and the governing arm of the WESM and was tasked to undertake the preparatory work for the establishment of the WESM, pursuant to Section 30 of the EPIRA and in accordance with the WESM Rules. Its primary purpose is to establish, maintain, operate and govern an efficient, competitive, transparent and reliable market for the wholesale purchase of electricity and ancillary services in the Philippines in accordance with relevant laws, rules and regulations.

The WESM commercial operations in the Luzon Grid started on June 26, 2006. The Visayas Grid was integrated into the WESM on December 26, 2010.

As of June 2017, there were 260 wholesale membership participants and 946 retail membership entities registered at the WESM based on its 2017 Annual Report.

The PEMC and the Independent Electricity Market Operator of the Philippines Inc. (“**IEMOP**”) have executed an operating agreement to formalize the transfer of all functions, assets and liabilities associated with market operations from the PEMC to the IEMOP effective September 26, 2018. With the signing of the operating agreement, the IEMOP is poised to take over the market operations of the WESM, a function that is currently performed by the PEMC. Republic Act No. 9136 requires the PEMC to divest itself of this function in favor of a separate entity that is independent of the market participants. To comply with the requirement, on February 6, 2018, the market participants and the DOE Secretary approved the transition plan calling for the formation of an independent market operator and the transfer of the market operation functions to it. The IEMOP is a non-stock, non-profit corporation led by a board of directors, all of whom are independents and do not have any interest or connection to the WESM participants, that was incorporated and organized to implement the plan. Beginning on September 26, 2018, the IEMOP has been running the electricity market and, among other things, managing the registration of market participants, receiving generation offers, announcing market prices, dispatching schedules of the generation plants and handling billing, settlement and collections. Under the policy and regulatory oversight of the DOE and the ERC, the PEMC has remained as the governing body for the WESM to monitor compliance by the market participants with the market rules.

In June 2022, the DOE declared the interim commercial operations of the REM and amended the WESM Rules, which impose additional responsibilities to a System Operator, a Trading Participant, and a Market Operator.

In December 2024, the ERC issued a Resolution No. 16, series of 2024 which sets the Interim Offer Price Cap and Floor Price as Mitigating Measures for the trading of Reserves in the WESM.

WESM in Mindanao

In anticipation of the increase of supply condition in Mindanao, the DOE, through DOE Circular DC2017-05- 0009, has declared the launch of the WESM. Similar to the operations in Luzon and Visayas, WESM’s primary function is to be the venue for efficient scheduling, dispatch, and settlement of energy withdrawal and injections in the Mindanao Grid.

The PEMC has already initiated some preparatory activities in the upcoming WESM in Mindanao. During the first quarter of 2017, PEMC have conducted a series of public consultations. The WESM Trial Operation Program has started last June 26, 2017 where its objective is to familiarize all Mindanao participants in the implementation of the WESM. The commercial operation of the WESM in Mindanao commenced on 26 January 2023.

RCOA

The EPIRA likewise provides for a system of Open Access on transmission and distribution wires, whereby TransCo/NGCP and distribution utilities may not refuse the use of their wires by qualified persons, subject to the payment of distribution wheeling charges. The full commercial operation of RCOA in Luzon and Visayas commenced on June 26, 2013 with a total of 275 registered participants. Conditions for the commencement of such Open Access system are as follows:

- establishment of the WESM;
- approval of unbundled transmission and distribution wheeling charges;
- initial implementation of the cross-subsidy removal scheme;
- privatization of at least 70.0% of the total capacity of generating assets of NPC in Luzon and Visayas; and
- transfer of the management and control of at least 70.0% of the total energy output of power plants under contract with NPC to the IPPAs.

On June 6, 2011, pursuant to Resolution No. 10, Series of 2011, the ERC declared December 26, 2011 as the “**Open Access Date**” to mark the commencement of the full operations of the competitive retail electricity market in Luzon and Visayas. Accordingly, all electricity-end users with an average monthly peak demand of one MW for the 12 months preceding the Open Access Date, as certified by the ERC to be contestable customers, shall have the right to choose their own electricity suppliers.

To ensure smooth transition from the existing structure to RCOA, the ERC promulgated Resolution No. 16, Series of 2012, providing for a transition period from December 26, 2012 until June 25, 2013. However, the ERC effectively extended the transition period when it issued Resolution No. 11, Series of 2013, which allowed contestable customers to stay with their current distribution utility until December 25, 2013, or until such time that they were able to find a RES provided that it promptly informs the distribution utility of such fact. On June 19, 2015, the DOE promulgated Department Circular No. DC2015-06-0010, which mandated contestable customers to secure their RSCs by June 25,

2016, including contestable customers with an average demand of 750 KW to 999 KW for the 12-month period preceding June 25, 2016.

With the implementation of the RCOA, the contestable markets (i.e., under prevailing regulations, electricity end-users with monthly average peak demand of at least 500 KW) may choose where to source their electric power requirements and can negotiate with suppliers for their electricity. Likewise, certain end-users will be allowed to directly source power through the WESM or by entering into contracts with generation companies. This will encourage competition at the retail level and it is anticipated that retail competition will gradually increase over time, provided that supply companies are sufficiently creditworthy to be suitable offtakers for generation companies.

With the implementation of the RCOA, certain contracts entered into by utilities and suppliers may potentially be stranded. Stranded contract cost refers to the excess of the contracted cost of electricity under eligible contracts of NPC over the actual selling price of the contracted energy output of such contracts in the market. Under the EPIRA, recovery of stranded contract cost may be allowed provided that such contracts were approved by the Energy Regulatory Board (now the ERC) as of December 31, 2000.

As of the date of this Offer Supplement, the temporary restraining order has not been lifted. In response to the temporary restraining order, and to provide guidance to relevant power industry players, the DOE issued DC2017-12-0013 and DC2017-12-0014 encouraging eligible contestable customers to voluntarily participate in the RCOA.

Subsequently, the DOE issued DC 2019-07-11 (Amending Various Issuances on the Implementation of the RCOA), which provides that contestable customers may voluntarily register as a trading participant in the WESM and that it shall source its electricity supply requirements from ERC-licensed/authorized suppliers.

On December 28, 2020, the ERC issued Resolution No. 12, series of 2020 dated December 3, 2020 entitled "A Resolution Prescribing the Timeline for the Implementation of Retail Competition and Open Access (RCOA)". ERC Resolution No. 12, series of 2020, mandates that RCOA shall be effective in grids where the WESM is operational and a separate rule shall be issued for the implementation of RCOA in Mindanao. Further, all suppliers of electricity shall be licensed/authorized by the ERC to supply electricity in the competitive retail electricity market.

Under ERC Resolution No. 12, the coverage of the RCOA is expanded for end-users with an average monthly peak demand of at least 500kW in the preceding 12 months, on a voluntary basis, subject to the effectivity dates prescribed by ERC. Under ERC Resolution No. 12, qualified contestable customers, with existing electronic meters capable of recording and reading interval of time with built-in communication port for remote and manual data retrieval, shall be allowed to switch to the competitive retail electricity market starting February 26, 2021. Meanwhile, qualified contestable customers with existing electronic meters capable of recording and reading interval of time, but which would need to be enhanced with a communication port for remote and manual data removal, shall be allowed to switch to the competitive retail electricity market upon completion of installations of such enhancements until March 28, 2021.

On March 20, 2024, ERC issued Resolution No. 06, series of 2024, prescribing that all electricity end-users in Mindanao with average monthly peak demand of at least 500kW for the twelve (12) months preceding March 26, 2024 shall be eligible to participate in the RCOA.

Unbundling of Rates and Removal of Cross Subsidies

The EPIRA mandates that distribution wheeling charges be unbundled from retail rates and that rates reflect the respective costs of providing each service. The EPIRA also states that cross-subsidies shall be phased out within a period not exceeding three years from the establishment by the ERC of a universal charge, which shall be collected from all electricity end-users. However, the ERC may extend the period for the removal of the cross-subsidies for a maximum of one year if it determines that there will be a material adverse effect upon the public interest or an immediate, irreparable and adverse financial effect on a distribution utility.

These arrangements are now in place, in satisfaction of the conditions for the RCOA.

The EPIRA likewise provides for a socialized pricing mechanism called a lifeline rate to be set by the ERC for marginalized or low-income captive electricity consumers who cannot afford to pay the full cost of electricity. These end-users are exempt from the cross-subsidy removal for a period of ten years, which exemption was extended until 2021 under Republic Act No. 10150. On May 27, 2021, President Duterte signed into law Republic Act No. 11552, which further

amended the EPIRA by extending the implementation of the lifeline until 2051, unless extended by law. The amendatory law also specified the qualified marginalized end-users who are entitled to the lifeline rate, namely, (i) qualified household-beneficiaries under the Pantawid Pamilyang Pilipino Program of the Philippine government whose level of consumption are within the threshold determined by the ERC, and (ii) marginalized end-users who have been certified and continually validated as such by their distribution utility based on a criteria determined by the ERC. Republic Act No. 11552 shall take effect 15 days after its publication in the Official Gazette or in a newspaper of general circulation.

Implementation of the Performance-Based Regulation (“PBR”)

The ERC issued the Rules for Setting Distribution Wheeling Rates that apply to privately owned distribution utilities entering PBR, which set out the manner in which the new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR is intended to replace the return-on-rate-base regulation that has historically determined the distribution charges paid by the distribution companies’ customers. Under the PBR, the distribution-related charges that distribution utilities can collect from customers over a four-year regulatory period will be set by reference to projected revenues determined through a set regulatory asset base, the efficiency of the distribution utility and the latter’s capital, all of which are reviewed and approved by the ERC and used by the ERC to determine the efficiency factor of a distribution utility. For each year during the regulatory period, the distribution charge of a distribution utility is adjusted upwards or downwards taking into consideration the efficiency factor of the utility set against changes in overall consumer prices in the Philippines. The ERC has also implemented a performance incentive scheme whereby annual rate adjustments under PBR will also take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as the average duration of power outages, the average time to provide connections to customers and the average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

Competitive Selection Process

Under prevailing regulations, DUs and ECs are mandated to undertake a CSP in the procurement of PSAs to ensure the security and certainty of electricity prices of electric power in the long-term.

On February 1, 2018, the DOE issued the DOE CSP Policy, which sets forth the department’s policy on the conduct of CSP in the procurement by DUs and ECs. Under the DOE CSP Policy, all PSAs are required to be procured through the CSP, except in the following instances: (i) generation project owned by the DU funded by grants or donations; (ii) negotiated procurement of emergency power supply with a cooperation period not exceeding one year; (iii) provision of power supply by any mandated government owned and controlled corporations for off-grid areas prior to, and until the entry of new power providers in the area; and (iv) provision of power supply by PSALM through bilateral contracts. In the event the CSP fails twice, and there is no outstanding dispute on the conducted CSP, the DU or EC may use direct negotiation for purposes of procuring the relevant PSA. While the DOE CSP Policy effectively revoked the authority of the ERC to issue supplemental guidelines and procedures relating to implement the CSP, the DOE directed the ERC to: (i) establish and impose existing fines and/or penalties for non-compliance with the DOE CSP Policy, (ii) review compliance with the requirements of CSP, (iii) develop a template PSA to be used with electric power industry participants, and (iv) develop rules and procedures to address disputes arising from the conduct of the CSP.

Reduction of Taxes and Royalties on Indigenous Energy Resources

To equalize prices between imported and indigenous fuels, the EPIRA mandates the President of the Philippines to reduce the royalties, returns and taxes collected for the exploitation of all indigenous sources of energy, including but not limited to, natural gas and geothermal steam, so as to effect parity of tax treatment with the existing rates for imported coal, crude oil, bunker fuel and other imported fuels. Following the promulgation of the IRR, then President Arroyo issued Executive Order No. 100 to equalize the taxes among fuels used for power generation. This mechanism, however, is yet to be implemented.

Framework for Energy Storage System in the Electric Power Industry

DOE Department Circular No. DC2019-08-0012 dated August 1, 2019 sets forth the framework for energy storage systems in the electric power industry in the Philippines (the “**ESS Framework**”). An energy storage system (“**ESS**”) refers to a facility acting as a load and a generator, which is designed to receive, store and convert such energy to electricity. ESS technologies include BESS, compressed air energy storage, flywheel energy storage, pumped-storage hydropower, and other emerging technologies that may be identified, qualified and approved by the DOE as ESS.

DOE Department Circular No. DC2023-04-0008 dated April 20, 2023 was then issued, revising the policies for ESS. It also repealed DOE Department Circular No. DC2019-08-0012.

Under the ESS Framework, the following electric power industry participants may own and operate ESS: (i) generation companies, either as a stand-alone generating facility or an integrated ESS in its existing generating facilities; (ii) end-users, for the purpose of managing their energy demands; and (iii) micro-grid service providers, to provide continuous electric service to households in the form of either microgrid or DER, as may be applicable, in consonance with the total electrification program of the government.

Further, the Transmission Network Provider and Small Grid Owner is required to consider ESS as an alternative solution in addressing transmission issues such as line congestion and to consider ESS applications to defer network upgrades. In addition, the System Operator and Small Grid System Operator is directed to optimize the addition of ESS for ancillary service application and ensure proper allocation for each type of ancillary service consistent with the Grid requirement.

Under the ESS Framework, ESS proponents shall apply and register their ESS for one or more of the following purposes:

- provision of ancillary services;
- provision of energy through bilateral supply contract or trading in the WESM;
- manage the variability of renewable energy;
- auxiliary load management for generation companies;
- transmission/distribution facility upgrades deferment;
- transmission/distribution utility power quality management;
- end-user demand management; and
- distribution utility demand management.

An ESS that provides frequency regulation, as part of the ancillary services, must be at least 20MW for the Luzon Grid and at least 5MW for the Visayas and Mindanao Grids.

All ESS proponents are required to secure (i) a COC as a generation company from the ERC pursuant to existing guidelines on licensing of generation facilities; (ii) an environmental compliance certificate or any other equivalent document from the DENR; and (iii) other requirements by relevant government agencies pursuant to their existing guidelines. Distribution utilities that intend to enter into a PSA with ESS proponents for the supply of electricity to its captive customers shall observe (a) market share and bilateral contract limitations under Section 45 of the EPIRA; and (b) the DOE CSP Policy.

All ESS facilities shall comply with the rules and regulations on safety, health, environmental standards and proper disposal enforced by appropriate government agencies. In addition, ESS facilities connected to the transmission system as well as ESS connected to the distribution system with capacity equal to or above the following regional thresholds:

- 10MW for Luzon Grid;
- 5MW for Visayas Grid; and
- 5MW for Mindanao Grid

are mandated to register in the WESM and shall be classified under the generation company category, in accordance with the WESM rules and market manuals. All ESS integrated in generation facilities of generation companies are required have a separate registration in the WESM and shall comply with the requirements on separate metering and monitoring facilities, among others.

Government Approval Process

As set forth in the EPIRA, power generation is not considered a public utility operation. Thus, an entity engaged or intending to engage in the generation of electricity is not required to secure a national franchise. However, no person or entity may engage in the generation of electricity unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a certificate of compliance from the ERC to operate facilities used in the generation of electricity. A certificate of compliance is valid for a period of five years from the date of issuance.

In addition to the certificate of compliance requirement, a generation company must comply with government-prescribed technical, financial capability, health, safety and environmental standards. A generation company must

ensure that all its facilities connected to the grid meet the technical design and operational criteria of the Grid Code and Distribution Code promulgated by the ERC. In this connection, the ERC has issued guidelines setting the minimum financial capability standards for generation companies. Under the guidelines, a generation company is required to meet a minimum annual interest cover ratio or debt service capability ratio (which measures the ability of the power generation company to service its debts) of 1.5x throughout the period covered by its certificate of compliance. For certificate of compliance applications and renewals, the guidelines require the submission to the ERC of, among other things, a schedule of liabilities, and a five-year financial plan. For the duration of the certificate of compliance, the guidelines also require a generation company to submit audited financial statements and forecast financial statements to the ERC for the next two financial years, as well as other documents. The failure by a generation company to submit the requirements prescribed by the guidelines may be grounds for the imposition of fines and penalties.

With the introduction of RCOA, the rates charged by a generation company are no longer regulated by the ERC, except rates for Captive Markets (as determined by the ERC). In addition, since the establishment of the WESM, generation companies are now required to comply with the membership criteria and appropriate dispatch scheduling as prescribed under the WESM Rules.

In the course of developing a power plant, other permits, approvals and consents must also be obtained from relevant national, provincial and local Government authorities, relating to, among others, site acquisition, construction and operation, including environmental-related licenses and permits.

In October 2020, DOE Secretary Alfonso G. Cusi announced that the periodic assessment of the country's energy requirements has led the DOE to declare a moratorium on endorsements for greenfield coal power plants.

On January 11, 2021, the DOE issued an advisory dated December 22, 2020 with subject "Moratorium of Endorsements for Greenfield Coal-Fired Power Projects in Line with Improving the Sustainability of the Philippines' Electric Power Industry." Under this advisory, effective October 27, 2020, the DOE would no longer process applications for greenfield coal-fired power generation facility projects requesting for endorsements. However, existing and operational coal-fired power generation facilities as well as any coal-fired power project which comply with the following parameters will not be affected by the moratorium:

- committed power projects;
- existing power plant complexes which already have firm expansion plans and existing land site provision; and
- indicative power project with substantial accomplishments, specifically:
 - with signed and notarized acquisition of land or lease agreement for the project; and
 - with approved permits or resolutions from local government units and the relevant regional development council where the power plant will be located.

Ancillary Services

Under the EPIRA, NGCP has the obligation to ensure and maintain the reliability, adequacy, security, stability and integrity of the grid in accordance with the performance standards for its operations and maintenance, as set forth in the Grid Code, and to adequately serve generation companies, distribution utilities and suppliers requiring transmission service and/or ancillary services through the transmission system.

In the performance of its functions as the grid system operator, NGCP requires ancillary services to ensure the power quality and stability of the grid. Ancillary services, as defined in Section 4(b) of the EPIRA, are services necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with the good utility practice and the Grid Code. These are support services to provide frequency control and include Primary Reserve, Secondary Reserve, and Tertiary Reserve.

In order to maintain the security and integrity of the grid, the system operator shall operate the grid in such a manner as to provide adequate frequency control to achieve operations within frequency limits at all times. Achieving effective frequency control requires the following ancillary services which are differentiated depending on their response time and sustainability.

- Primary Reserve Ancillary Service ("PRAS"). This reserve shall cover sudden outage or failure of synchronized generating unit or transmission line links or the power import from a single circuit interconnection, whichever is larger. The capacity of the PRAS provider should not be used in the regular energy supply but can be set to respond on small variations to system frequency to support the

Secondary Reserves.

- Secondary Reserve Ancillary Service (“**SRAS**”). The system operator thru AGC shall use the Secondary Reserve to restore the system frequency from the quasi-steady state value as established by the Primary Response and Reserve of generating units back to the nominal frequency of 60 Hz during contingent event. Small variations to system frequency to support the balance through Governor Control Mode (GCM) may be initiated. Where the AGC function of the system operator is not fully operational, dispatcher may instruct the generator to transfer to GCM as well. SRAS should be controlled by the system operator thru Automatic Generation Control (“**AGC**”) with various AGC modes and frequency deadband settings in order to regulate the system frequency and the speed governing system shall be capable of accepting raise and lower signals or set point signals from the Control Center of the system operator.
- Tertiary Reserve Ancillary Service (“**TRAS**”). The capacity of the qualified generating units offered for this Ancillary Service should not be part of the regular energy supply and can either be synchronized to respond within 15 minutes or off-line provided that it can fully provide the required reserve within 30 minutes from the receipt of dispatch instruction. The Tertiary Reserve provider should be able sustain its contributed capacity for at least 60 minutes. If and only if, the Primary and Secondary Reserves have been exhausted, the system operator shall make use of the Tertiary Reserve to return/maintain the system frequency to 60Hz in cases of: tripping of a generating unit or a transmission line which creates generation-load unbalance, unplanned loss of the power import, disconnection of a large load or load blocks, system frequency increases above 60.1 Hz or reduces below 59.9 Hz and it is not possible to return it to nominal values with appropriate use of the Primary and Secondary Reserves. TRAS should be capable of operating thru AGC or manual mode and shall be monitored and controlled by the system operator.

To implement and regulate the procurement of ancillary services, the ERC approved the Ancillary Services Procurement Plan (“**ASPP**”) and the Ancillary Services — Cost Recovery Mechanism (“**AS-CRM**”) on March 9, 2006 and October 3, 2007, respectively. Under the AS-CRM, NGCP secures Ancillary Services through the ASPA with qualified generation companies. For ancillary services arranged via the ASPA, the OATS Rules, the ASPP and the AS-CRM will be applied.

All ancillary services contracted by NGCP from qualified generators will be recovered through rates and charges from the generation customers, embedded generation customers and load customers, where applicable, subject to approval of the ERC.

ASPs require the substantial completion of the project prior to contracting with the NGCP and are subject to ERC approval. These are generally for a term of five years, extendible for another five years with relatively standard rates, particularly for regulating reserves.

REGULATION RELATING TO THE INFRASTRUCTURE BUSINESS

The Company has investments in companies which hold long term concessions on infrastructure projects awarded by the government. The rights and obligations of the Company, including regulatory requirements in connection with these projects are primarily governed by the respective concession agreements for each project.

Public-Private Partnership (“PPP”) Code

Enacted in 2023, Republic Act No. 11966, also known as the PPP Code, governs all contractual arrangements between an implementing agency and a private partner to finance, design, construct, operate, and maintain, or any combination thereof, infrastructure or development projects and services which are typically provided by the public sector, such as joint ventures and toll operation agreements. It establishes a framework for approval of national and local projects. For national projects, if the project cost exceeds PhP15 billion, approval from the NEDA—now the Department of Economy, Planning, and Development—is required. Otherwise, approval must be obtained from the implementing agency as defined in the PPP Code. For local projects, there must be approval from the applicable local government unit or the local university or college regardless of the project cost. The PPP Code also establishes a procedure for approving unsolicited proposals, subject to the assessment of the PPP Center and the approval of the implementing agency.

Civil Aviation Authority Act of 2008

The Civil Aviation Authority of the Philippines (“**CAAP**”) is an independent regulatory body attached to the DOTr. The CAAP regulates the air transportation system in the Philippines, which includes the power to provide prescribe and revise safety standards for the operation of air navigation facilities located in the Philippines. Pursuant to its functions, it issued on May 27, 2011 the Philippine Civil Aviation Regulations (Board Resolution No. 2011-025). The standards include General Policies and Air Operator Certification and Administration.

Toll Regulatory Board

The TRB was created under P.D. No. 1112 for the regulation of toll facilities and operates as an attached agency of the DOTC. Pursuant to Executive Order No. 133 s. 2013, in relation to PD No. 1112, the TRB is authorized and empowered to enter into contracts or TOA in behalf of the ROP with qualified persons or entities, for the construction, operation and maintenance of toll facilities such as but not limited to national highways, roads, bridges, and public thoroughfares. The TOA is subject to the approval of the President of the Philippines and has a fixed term not exceeding 50 years.

The TRB is also the issuing authority of the Toll Operation Certificates (“**TOC**”). The TOC is the authority granted to qualified persons, to develop, improve, upgrade, expand, rehabilitate, reconstruct, modernize and/or construct/build and operate and maintain a toll facility. The TOC has a fixed term not exceeding 50 years and may be amended, modified or revoked by the TRB whenever the public interest so requires subject to the payment of just compensation, if any is due.

The privilege to operate toll facilities in the Philippines is limited by nationality restrictions. The Constitution provides that a franchise, certificate, or any other form of authorization for the operation of a public utility can only be granted to Filipino citizens or corporations or associations organized under Philippine laws at least 60.0% of whose capital is owned by Filipinos.

Among the operation and maintenance facilities of toll facilities which may form part of a TOC or a TOA, include (a) For operation: (i) toll collection system, (ii) traffic control system, (iii) tollroad patrol and vehicle control with communications system, (iv) facilities for assistance of disabled vehicles and in case of emergencies, (v) information service and message sign boards, (vi) vehicle regulation facilities, (vii) telephone and lighting facilities, and, (viii) emergency operations; and (b) For maintenance (i) patrolling and inspection facility, (ii) road cleaning and obstruction control, (iii) electricity and water supply, (iv) repavement facilities, steel bridge painting, bridge strengthening, interchange improvement, parking area improvement, slope protection, pavement painting and the like, (v) disaster prevention and reaction facilities, and (vi) environmental enhancement and protection.

Aside from the power to grant an administrative franchise, the TRB is also vested with the power to issue, modify and promulgate toll rates, and upon notice and hearing, to approve or disapprove petitions for the increase thereof. The procedures for approval of initial, adjusted or periodic toll rates as well as approval of provisional toll rates are governed by the 2013 Revised Rules of Procedure of the TRB.

REGULATION RELATING TO THE CEMENT BUSINESS

General Regulations

Philippine Mining Act

Republic Act No. 7942, otherwise known as the Philippine Mining Act of 1995, governs the exploration, development, utilization and processing of all mineral resources and includes measures to protect the government. Grantees of mineral agreements from the Department of Environment and Natural Resources (the “**DENR**”) have the right to conduct mining operations, which covers mining activities involving exploration, feasibility, development, utilization, and mineral processing. Furthermore, the extraction and utilization of quarry resources on public or private lands may be undertaken by any qualified person holding a quarry permit. A quarry permit authorizes the extraction, removal and disposition of quarry resources. It is issued by the Provincial Governor/City Mayor through the Provincial/City Mining Regulatory Board for the extraction, removal and disposition of quarry resources covering an area of not more than five (5) hectares, and a production rate of not more than 50,000 tons annually and/or whose project cost is not more than ₱10,000,000.00, for a term of five (5) years from the date of issuance, renewable for like periods but not to exceed a total term of 25 years.

Indigenous People’s Rights Act

Republic Act No. 8731, otherwise known as the Indigenous People’s Rights Act (“**IPRA**”), provides for the ownership

rights of indigenous cultural communities (“**ICCs**”) or indigenous peoples over ancestral domains. Under the IPRA, the ancestral domains refer to all areas generally belonging to indigenous communities/peoples (“**IPs**”). The National Commission on Indigenous Peoples (“**NCIP**”) is the primary government agency that formulates and implements policies and programs for the promotion and protection of the rights of ICCs and IPs and the recognition of their ancestral domains and their rights thereto. Under the IPRA, the proponent of any activity undertaken within any area covered by a Certificate of Ancestral Domain/Land Claim/Title issued by the NCIP to any ICC or IP must obtain the free and prior informed consent (the “**FPIC**”) of all members of the ICCs/IPs, and, thereafter, the Certification Pre-condition (“**NCIP-CP**”) issued by the NCIP. In case no ICCs or IPs claim any rights over the site of the proposed activity, a Certificate of Non-Overlap (“**CNO**”) issued by the NCIP is required to be obtained by the proponent of such activity from the NCIP. The absence therefore of either a Certification Precondition or CNO may be sufficient basis for the suspension of the implementation of any such mining activity.

Power Generation Regulations

A Certificate of Compliance (“**COC**”) from the Energy Regulatory Commission (“**ERC**”) to operate facilities used in the generation of electricity (including self-generation facilities) is required considering that the generation of electricity is done in the course of cement manufacturing. The COC is in the name of the generation company owning the generation facilities. The COC is valid for a period of five (5) years, unless sooner revoked by the ERC after due notice and hearing and stipulates the obligations of the generation company consistent with the standards and operating guidelines that may be established by the ERC. A generation company intending to continue operating beyond the term of the issued COC must apply with the ERC for its renewal at least six (6) months prior to its expiration. The COC may be revoked, after due notice and hearing, by the ERC for non-compliance with the conditions of the certificate or the guidelines imposed by the ERC.

Trade and Industry Regulations

The DTI is tasked with implementing the Consumer Act with respect to the cement business. Pursuant to its mandate, the DTI has promulgated numerous regulations relating to the manufacturing, packaging, and importation of cement in the Philippines, as well as safeguarding against hazards to health and safety.

Under DTI D.A.O. No. 17-02, only cement sourced from cement manufacturing plant(s) holding a valid Philippine Standards (PS) Quality and/or Safety Certification Mark License(s) shall be permitted to be distributed in the Philippines. All cement importations sourced from a foreign-based manufacturer holding a valid PS license, now requires an Import Commodity Clearance (ICC) certificate on a per shipment per Bill of Lading basis, subject to existing ICC procedures. Only importations by local cement manufacturers operating an Integrated Cement Plant/s (ICP) in the Philippines are exempted from applying for an ICC application, provided that the imported cement was sourced from a foreign-based manufacturer holding a valid PS License and bears the same brand vis-à-vis the brand reflected in the local PS license of the importer-manufacturer. To apply for an ICC, all cement importers must be registered with SEC or DTI prior to receiving cement import shipments with a minimum capitalization of Php 20 Million paid up capital for SEC registered companies and a surety bond of 10% of the declared value. Clause 5.2.2 of DAO 17-06 also stipulates that the Bureau of Philippine Standards of the Department of Trade and Industry (“**DTI-BPS**”) will issue a separate license for the bagging facilities relative to its policy on the issuance of PS License on a per plant site/location basis.

In 2020, the DTI issued Memorandum Circular No. 20-56, which sought to eliminate the confusion produced by the widespread practice of cement manufacturers of marking their products with “Product of the Philippines” despite being imports. The Circular prescribed new guidelines as to the product marking of locally manufactured and imported cement products shipped in bulk and bagged in the Philippines. Furthermore, cement bagging facilities must be capable of verifying the conformity of cement products to the applicable Philippine National Standards on a per bagging batch basis. Failure to observe the prescribed standards merits sanctions such as pull-out, confiscation and/or destruction of the erring products depending on the frequency of the violations.

The Standards Law

The DTI-BPS serves as the National Standards Body (“**NSB**”) of the Philippines and is mandated to develop, promulgate, and implement standards for all products in the Philippines, to promote standardization activities in the country, and to ensure the manufacture, production, and distribution of quality products for the protection of the consumer. The Bureau was created on 20 June 1964 through Republic Act No. 4109, otherwise known as the Standards Law.

The mandate of RA 4109 is reiterated by the Consumer Act which declares that it is the duty of the State to develop

and provide safety and quality standards for consumer products, including performance or use-oriented standards, codes of practice and methods of tests. Crucial to the fulfillment of mandate of DTI-BPS is the availability of relevant Philippine National Standards (“PNS”) that are responsive to the needs of consumers and technological developments.

As of April 22, 2024, BPS Memorandum Circular No. 24-02, Series of 2024 includes cement and other construction materials under the list of products which requires mandatory certification. Manufacturers covered by mandatory certification are required to (i) secure a PS license prior to selling, offering for sale, or otherwise disposing of their products, (ii) to reflect, imprint and/or emboss the mandatory PS Mark on their products. Importers covered of any product covered by mandatory product certification are required to first secure an Import Commodity Clearance (ICC) prior to selling, offering for sale, or otherwise disposing of their product(s). Distributors, wholesalers, retailers and those who offer for sale a product covered by mandatory product certification shall sell, or offer for sale only such products which complied with the requisite Philippine National Standard and with the required PS Mark, or with a valid ICC in the case of imported products.

Safeguard Measures Act

Republic Act No. 8800, otherwise known as the Safeguard Measures Act, was established to protect domestic industries and producers from increased imports that cause or threaten to cause serious injury to domestic industries and producers. The Safeguard Measures Act provides temporary protection to a Philippine industry affected by the surge in imports. Moreover, it authorizes the Philippine government to restrict imports, after results of the investigations carried out by competent authorities establish that imports are taking place in such increased quantities as to cause or threaten to cause serious injury to the domestic industry that produces similar or directly competitive products. The measure is applied to imports of like or directly competitive products from all sources.

Environmental Regulations Pertaining to the Cement Business

Under the Philippine Environmental Impact Statement System (“P.D. 1586”), raw material sourcing and cement manufacturing are considered environmentally critical activities for which an Environmental Impact Study (“EIS”) and an Environmental Compliance Certificate (“ECC”) are mandatory.

Co-Processing of Waste Material

Pursuant to the mandate of the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 (“R.A. No. 6969”), the DENR has issued certain regulations governing the use of alternative fuels and raw materials in cement kilns. DENR DAO No. 2010-06 allows cement manufacturers to engage in the co-processing of waste material from cement production, so long as it meets the guidelines prescribed therein. Cement plants that co-process waste materials are required to register with the EMB as Alternative Fuel and Raw Materials co-processing facilities, after which they are bound to observe the operating guidelines and emissions monitoring standards specified in the Philippine Clean Air Act of 1999 (“R.A. No. 8749”).

Under DENR Administrative Order No. 2013-22, a duly registered waste generator must, among others: (i) designate a full-time Pollution Control Officer; (ii) disclose to the DENR the type and quantity of waste generated; (iii) implement proper waste management from the time the wastes are generated until they are rendered non-hazardous; (iv) continue to own and be responsible for the wastes generated in the premises until the wastes have been certified by an accredited waste treater as adequately treated, recycled, reprocessed, or disposed of; (v) adhere to the hazardous waste transport manifest system when transporting hazardous wastes for offsite treatment, storage, and/or disposal; (vi) prepare and submit to the DENR comprehensive emergency preparedness and response program to mitigate spills and accidents involving chemicals and hazardous wastes; (vii) communicate to its employees the hazards posed by the improper handling, storage, transport, use and disposal of hazardous wastes and their containers; and (viii) develop capability to implement the emergency preparedness and response programs and continually train core personnel on the effective implementation of such programs.

Failure to comply with DENR Administrative Order No. 2013-22 shall make the violator liable for a fine of ₱50,000.00. In addition to such penalty, a violation of any of its Governing Rules or rules covering the Contingency Program shall result in the immediate suspension of the permit.

ENVIRONMENTAL MATTERS

The operations of the businesses of the Company are subject to various laws, rules and regulations that have been promulgated for the protection of the environment.

Philippine Environmental Impact Statement System

The Philippine Environmental Impact Statement System (the “**EISS Law**”) established under Presidential Decree No. 1586, which is implemented by the DENR, is the general regulatory framework for any project or undertaking that is either (i) classified as environmentally critical or (ii) is situated in an environmentally critical area. The DENR, through its regional offices or through the Environmental Management Bureau (“**EMB**”), determines whether a project is environmentally critical or located in an environmentally critical area and possesses all applications for an ECC.

The law requires an entity that will undertake any such declared environmentally critical project or operate in any such declared environmentally critical area to submit an Environmental Impact Statement (“**EIS**”) which is a comprehensive study of the significant impacts of a project on the environment. The EIS serves as an application for the issuance of an ECC, if the proposed project is environmentally critical or situated in an environmentally critical area; or for the issuance of a Certificate of Non-Coverage, if otherwise. An ECC is a Government certification that, among others, (i) the proposed project or undertaking will not cause significant negative environmental impact; (ii) the proponent has complied with all the requirements of the EISS Law in connection with the project; and (iii) the proponent is committed to implement its approved Environmental Management Plan (“**EMP**”) in the EIS. The EMP details the prevention, mitigation, compensation, contingency and monitoring measures to enhance positive impacts and minimize negative impacts and risks of a proposed project or undertaking.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents also required to establish an Environmental Monitoring Fund (“**EMF**”) when an ECC is eventually issued. The EMF is to support the activities of the team monitoring the project proponent’s compliance with ECC conditions, EMP and applicable laws, rules and regulations.

Power plant operations are considered environmentally critical projects for which an EIS and an ECC are mandatory.

The Clean Water Act

Republic Act No. 9275 or the Clean Water Act and its implementing rules and regulations provide for water quality standards and regulations for the prevention, control, and abatement of pollution of the water resources of the country. The Clean Water Act requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time. The DENR, together with other Government agencies and the different local Government units, is tasked to implement the Clean Water Act and to identify existing sources of water pollutants, as well as strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law.

The Clean Air Act

Pursuant to Republic Act No. 8749 or the Clean Air Act of 1999 and its implementing rules and regulations, enterprises that operate or utilize air pollution sources are required to obtain a Permit to Operate from the DENR with respect to the construction or the use of air pollutants. The issuance of the said permit seeks to ensure that regulations of the DENR with respect to air quality standards and the prevention of air pollution are achieved and complied with by such enterprises.

Other Environmental Laws

Other regulatory environmental laws and regulations applicable to the businesses of the Company include the following:

- Republic Act No. 6969 or the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990, which regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry into the Philippines, or the keeping in storage of hazardous wastes

which include by-products, process residue, contaminated plant or equipment or other substances from manufacturing operations. The said law is implemented by the DENR.

- Republic Act No. 9003 or the Ecological Solid Waste Management Act of 2000, which provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The National Solid Waste Management Commission, together with other Government agencies and the different local Government units, are responsible for the implementation and enforcement of the said law.
- Presidential Decree No. 856 or the Code on Sanitation of the Philippines (the “**Sanitation Code**”), which provides for sanitary and structural requirements in connection with the operation of certain establishments such as industrial establishments. Under the Sanitation Code, which is implemented by the Philippine Department of Health, no person, firm, corporation, or entity shall operate any industrial establishment without first obtaining a sanitary permit.
- Republic Act No. 11898, or the Republic Act No. 11898, the Extended Producer Responsibility (“**EPR**”) Act of 2022, which amends certain provisions of Republic Act No. 9003 and requires obliged enterprises to recover and divert at least 20% of their 2022 plastic packaging footprint by the end of 2023 and increase this annually up to 80% by end of 2028. Product producers obliged to implement the EPR shall refer to large enterprises that generate plastic packaging waste.

TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Offer Shares. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Offer Shares and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Offer Shares under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Offer Shares in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect as at the date of this Offer Supplement.

The tax treatment applicable to a holder of the Offer Shares may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a holder of the Offer Shares.

PROSPECTIVE PURCHASERS OF THE OFFER SHARES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF THE OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen of the Philippines; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines." A non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "resident foreign corporation" is a non-Philippine corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines. The term "dividends" under this section refers to cash or property dividends. "Tax Code" means the Philippine National Internal Revenue of 1997, as amended.

The term "non-resident holder" means a holder of the Offer Shares:

- *who is an individual who is neither a citizen nor a resident of the Philippines, or an entity which is a non-resident foreign corporation; and*
- *should an income tax treaty be applicable, whose ownership of the Offer Shares is not effectively connected with a fixed base or a permanent establishment in the Philippines.*

Philippine Taxation

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN Law**") took effect. The TRAIN Law, which contained an initial package of the tax reforms, amended various provisions of the National Internal Revenue Code of 1997 ("**Philippine Tax Code**"), including those on ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor's tax, and documentary stamp tax ("**DST**"). On April 11, 2021, the second package of the Comprehensive Tax Reform Program ("**CTRP**") became effective. While the first package of the TRAIN Law brought about extensive changes to individual income taxation, the second package, Republic Act No. 11534, or CREATE, lowered corporate income tax rates for micro-, small-, and medium-sized enterprises, from 30% to 20%; while Large Corporations are now taxed at a lowered rate of 25%. CREATE also provided other forms of tax relief and a new tax incentive system. On November 11, 2024, Republic Act No. 12066, or the CREATE MORE Act was signed into law, further amending the CREATE. The CREATE MORE Act established a simplified value-added tax ("**VAT**") refund system which aims to reduce delays in tax processes and to streamline procedures for projects that are eligible for incentives, by raising the investment capital thresholds for approval by investment promotion agencies, from ₱1 billion to ₱15 billion. Significantly, the CREATE MORE Act extended the maximum duration of availment of tax incentives from 17 years to 27 years. It also amended Section 32(B) of the Tax Code, which now provides that income of any kind, to the extent required by any treaty obligation, shall not be included in the gross income and shall be exempt from income taxation under the Tax Code.

On May 30, 2025, the Capital Markets Efficiency Promotion Act ("**CMEPA**") was signed into law as Republic Act No.

12214. The CMEPA took effect on July 1, 2025. The key provisions of CMEPA, include, but are not limited to, reduction of tax on the sale or exchange of shares of stock listed and traded through the PSE from 0.6% to 0.1%; and the reduction of documentary stamp tax on the original issue of shares of stock from 0.1% to 75% of 1% of the par value of shares of stock. The CMEPA also amended Sec. 127 of the Tax Code by imposing, in lieu of capital gains tax, a tax of 1/10 of 1% on the gross selling price or gross value in money of shares of stock sold, exchanged, or otherwise disposed which shall be paid by the seller or transferor.

Taxes on Dividends on the Offer Shares

Cash and property dividends received from a domestic corporation by individual shareholders who are either citizens or residents of the Philippines are subject to a final withholding tax at the rate of 10.0%, which shall be withheld by the Company. Cash and property dividends received by non-resident alien individuals engaged in trade or business in the Philippines are subject to a 20.0% final withholding tax on the gross amount thereof, while cash and property dividends received by non-resident alien individuals not engaged in trade or business in the Philippines are subject to a final withholding tax at 25.0% of the gross amount, subject, however, to the applicable preferential tax rates under income tax treaties executed between the Philippines and the country of residence or domicile of such non-resident alien individuals.

Cash and property dividends received from a domestic corporation by another domestic corporation or by a resident foreign corporation are not subject to income tax while those received by a non-resident foreign corporation are generally subject to income tax at a final withholding tax rate of 25%. The 25.0% income tax rate for dividends paid to a non-resident foreign corporation may be reduced to a lower rate of 15.0% if tax sparing applies, which is when (i) the country where the non-resident foreign corporation is domiciled imposes no tax on foreign sourced dividends or (ii) the country of domicile of the nonresident foreign corporation allows at least 15.0% credit equivalent for taxes deemed to have been paid in the Philippines.

In order to avail of the 15% tax sparing rate, a non-resident foreign corporation must file an application with the BIR for a confirmatory ruling on its entitlement pursuant to Revenue Memorandum Order No. 46-20 (Guidelines and Procedures for the Availment of the Reduced Rate of 15% on Intercompany Dividends Paid by a Domestic Corporation to a Non-resident Foreign Corporation Pursuant to Section 28 (B) (5) (b) of the National Internal Revenue Code of 1997, as Amended, dated December 23, 2020). The application has to be filed within 90 days from “the remittance of the dividends or from the determination by the foreign tax authority of the deemed paid tax credit/non-imposition of tax because of the exemption, whichever is later.” A domestic corporation is not required to first secure a ruling from the BIR in order to use the tax sparing rate when it remits the dividends. However, it is required to determine if under the law of the country of domicile of the non-resident foreign corporation, such non-resident foreign corporation is granted the applicable “deemed paid” tax credit, or an exemption from income tax on such dividends.

The abovementioned tax rates are without prejudice to applicable preferential tax rates under income tax treaties in force between the Philippines and the country of domicile of the non-resident holder. (Please see discussion on tax treaties below.)

Preferential Rates under the Income Tax Treaties

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

Country	Dividends	Stock transaction tax on sale or disposition effected through the PSE (%)⁽⁹⁾	Capital Gains Tax Due on Disposition of Shares Outside the PSE
Canada	25 ⁽¹⁾	0.6	May be exempt ⁽¹³⁾
China	15 ⁽²⁾	Exempt ⁽¹⁰⁾	May be exempt ⁽¹³⁾
France	15 ⁽³⁾	Exempt ⁽¹¹⁾	May be

			exempt ⁽¹³⁾
Germany	15(4)	Exempt ⁽¹²⁾	May be exempt ⁽¹³⁾
Japan	15(5)	0.6	May be exempt ⁽¹³⁾
Singapore	25(6)	0.6	May be exempt ⁽¹³⁾
United Kingdom	25(7)	0.6	Exempt ⁽¹⁴⁾
United States	25(8)	0.6	May be exempt ⁽¹³⁾

Notes:

- (1) 15% if the recipient company which is a resident of Canada controls at least 10% of the voting power of the company paying the dividends; 25% in all other cases.
- (2) 10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends; 15% in all other cases.
- (3) 10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends; 15% in all other cases.
- (4) 5% if the recipient company (excluding a partnership) holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) holds directly at least 25% of the capital of the company paying the dividends.; 15% in all other cases
- (5) 10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends; 15% in all other cases.
- (6) 15% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company; 25% in all other cases.
- (7) 15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends; 25% in all other cases.
- (8) 20% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation; 25% in other cases. Notwithstanding the rates provided under the Convention between the Government of the Republic of the Philippines and the Government of the United States of America with respect to Taxes on Income, corporations which are residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the Philippine Tax Code provided certain conditions are met.
- (9) If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 1/10 of 1% of the gross selling price as provided under Section 127 of the Tax Code as amended by Section 17 of the CMEPA..
- (10) Article 2(1)(b) of the Agreement between the Government of the Republic of the Philippines and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on November 18, 1999.
- (11) Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic Signed on January 9, 1976 was signed in Paris, France on June 26, 1995 signed on June 26, 1995.
- (12) Article 2 (3)(a) of Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital signed on September 9, 2013.
- (13) Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.
- (14) Under the income tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.

When availing of capital gains tax exemption on the sale of shares of stock under an income tax treaty, a tax treaty exemption ruling from the BIR shall be necessary in order to completely implement the transfer. For sale of shares made outside the PSE, a Certificate Authorizing Registration (“CAR”) from the BIR is required before the transfer is registered

in the stock and transfer book. The BIR issues the CAR only after verifying that the applicable taxes have been paid. Thus, in lieu of proof of payment of capital gains tax, the tax treaty relief ruling should be submitted to the BIR office processing the CAR.

The BIR revised its procedures for availment of tax treaty relief on dividends by issuing Revenue Memorandum Order No. 14-21 (Streamlining the Procedures and Documents for the Availment of Treaty Benefits, dated March 31, 2021) as clarified by Revenue Memorandum Circular No. 77-21 (Clarification on Certain Provisions of Revenue Memorandum Order No. 14-21, dated June 15, 2021). In accordance with the foregoing regulations, all income items derived by nonresident taxpayers entitled to tax treaty relief shall be confirmed by the BIR through filing of: (i) a request for confirmation by the withholding agent, or (b) a tax treaty relief application by the nonresident taxpayer, with the required supporting documents in either case.

Request for Confirmation (“RFC”)

The withholding agent/income payor may apply the preferential tax treaty rate on the dividend income of the non-resident foreign shareholder by relying the submission by such shareholder of the following documents before the dividend income is paid: (a) on an application form for treaty purposes (BIR Form 0901-D for dividends), an authenticated/apostilled tax residency certificate duly issued by the relevant foreign tax authority in favor of the shareholder, and (c) the relevant provision of the applicable tax treaty which prescribes the preferential tax treatment on dividend income. If the tax treaty rate was applied, the withholding agent/income payor must file with the BIR’s International Tax Affairs Division (“ITAD”) a request for confirmation of the use of the tax treaty rate. The request for confirmation must be filed after the payment of the withholding tax and in no case later than the last day of the fourth month following the close of the relevant taxable year. Revenue Memorandum Circular No. 77-21 prescribes the filing of one consolidated request for confirmation per nonresident income recipient, regardless of the number and type of income payments during the year. Revenue Memorandum Circular No. 77-21 also provides for a list of all documentary requirements that have to be submitted in support of the request for confirmation.

If the BIR determines that the withholding tax rate used is lower than the applicable tax rate that should have been applied, or that the non-resident taxpayer is not entitled to treaty benefits, the request for confirmation will be denied and it will require the withholding agent/income payor to pay the deficiency taxes plus surcharge, interest and penalties.

Tax Treaty Relief Application (“TTRA”)

In case the withholding agent/income payor used the regular rate under the Tax Code, the non-resident foreign shareholder may, at any time after its receipt of the dividend income, file a TTRA with ITAD. Similar to a request for confirmation, the application must also be supported by the documents specified in Revenue Memorandum Circular No. 77-21.

If the BIR determines that the withholding tax rate applied is higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient’s entitlement to treaty benefits, and the shareholder may apply for a refund of excess withholding tax within the two-year period provided in Section 229 of the Tax Code. The claim for refund of the shareholder may also be filed simultaneously with the TTRA.

The Company shall withhold taxes at a reduced rate on dividends to a non-resident holder if the nonresident submitted to the Company a Tax Residency Certificate (“TRC”) and BIR Form No. 0901-D prior to the payment of dividends. TRC is a certificate issued by the tax authority of the country of residence and shall establish the fact of residency in a contracting state of the non-resident.

On March 31, 2021, the BIR issued Revenue Memorandum Order No. 14-2021 (“**RMO 14-2021**”). RMO 14-2021 was issued to streamline the procedures and documents for the availment of the tax treaty benefits. To avail of the tax treaty relief benefits, the following guidelines and procedures will be observed:

1. The non-resident income recipient should submit to the withholding agent or income payor the submitted Application Form for Treaty Purposes, Tax Residency Certificate duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty on whether to apply a reduced rate of, or exemption from, withholding at source on the income derived by the non-resident income recipient. The documents should be submitted to each withholding agent or income payor prior to the payment of income for the first time. The failure to provide the said documents when requested may lead to the withholding using the regular withholding rates without the tax treaty benefit rate.

2. When the preferential tax rates have been applied by the withholding agent, it shall file with the ITAD a request for confirmation on the propriety of the withholding tax rates applied by the withholding agent. On the other hand, if the regular withholding rates have been imposed on the income, the non-resident income recipient shall file a tax treaty relief application (“**TTRA**”) with ITAD. In either case, each request for confirmation and TTRA shall be supported by the documentary requirements set out in the issuance.
3. The request for confirmation shall be filed by the withholding agent at any time after the payment of withholding tax but shall in no case be later than the last day of the fourth month following the close of each taxable year. On the other hand, the filing of the TTRA may be filed by the non-resident income recipient at any time after the receipt of the income.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the nonresident income recipient is not entitled to treaty benefits, it will issue a BIR Ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties. On the contrary, if the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the nonresident income recipient’s entitlement to the treaty benefits. In this case, the nonresident income recipient may apply for a refund of the excess withholding tax.

The original or certified true copy of the following documents, as may be applicable, shall be submitted to the International Tax Affairs Division of the BIR when claiming the tax treaty relief:

A. General Requirements:

1. Letter-request
2. Application Form duly signed by the non-resident income earner or its/his/her authorized representative
3. Tax Residency Certificate for the relevant period, duly issued by the tax authority of the foreign country in which the Bondholder is a resident
4. Bank documents/certificate of deposit/telegraphic transfer/telex/money transfer evidencing the payment/remittance of income
5. Withholding tax return with Alphalist of Payees
6. Proof of payment of withholding tax
7. Notarized Special Power of Attorney issued by the non-resident income earner to its/his/her authorized representative(s), which shall expressly state the authority to sign the Application Form as well as to file the tax treaty relief application or request for confirmation

B. Additional general requirements for legal persons and arrangements, and individuals:

1. Authenticated copy of the non-resident legal person or arrangement’s Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language.
2. Original copy of the Certificate of Non-Registration of the Bondholder or certified true copy of License to Do Business in the Philippines duly issued by the Philippine SEC for legal persons and arrangements, or original copy of the Certificate of Business Registration/Presence duly issued by the DTI for individuals.

C. Additional general requirements for fiscally transparent entities:

1. A copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the foreign fiscally transparent entity;
2. List of owners/beneficiaries of the foreign entity;
3. Proof of ownership of the foreign entity; and
4. Tax Residency Certificate issued by the concerned foreign tax authority to the owners or beneficiaries of the fiscally transparent entity.

The BIR may require additional documents during the course of its evaluation as it may deem necessary. Upon the

confirmation of the entitlement to the tax treaty benefit or confirmation of the correctness of the withholding tax rates applied, the BIR will issue a certification to that effect. Any adverse ruling may be appealed to the Department of Finance within 30 days from receipt.

If the income of the nonresident Shareholder has been subjected to regular withholding rates, the Shareholder may file a claim for refund with the BIR independently of, or simultaneously with, the TTRA. Nonetheless, all claims for refund shall be filed within the two-year prescriptive period provided under Section 229 of the National Internal Revenue Code, as amended.

Transfer taxes (e.g., documentary stamp tax, local transfer tax) may be payable if the dividends declared are property dividends, depending on the type of property distributed as dividends. Stock dividends distributed pro-rata to any holder of shares of stock are generally not subject to Philippine income tax. However, the sale, exchange or disposition of shares received as stock dividends by the shareholder is subject to stock transaction tax if the transfer is through a local stock exchange; or if the transfer is made outside of the exchange, capital gains tax; and documentary stamp tax.

If the dividends of the non-resident taxpayer have been subjected to the regular rate, he/she/it may subsequently file a claim for refund of the difference between the amount of withholding tax actually paid in the Philippines and the amount of tax that should have been paid under the treaty after obtaining a certificate confirming his/her/its entitlement to treaty benefits. For this purpose, a duly accomplished BIR Form No. 1913 shall be filed together with the letter-request. The claim for refund may be filed independently of, or simultaneously with, the TTRA. (See RMO 14-2021, sec. 10). However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information and may also involve the filing of a judicial appeal, it may be impractical to pursue obtaining such a refund

Sale, Exchange or Disposition of Shares after the Offer Period

Capital gains tax

The net capital gains realized by a citizen, resident alien, non-resident alien, whether or not engaged in trade or business within the Philippines, or a domestic corporation (other than a dealer in securities) during each taxable year from the sale, exchange or disposition of shares of stock outside the facilities of the PSE, are subject to capital gains tax at the rate of 15.0% of the net capital gains realized during the taxable year.

The net capital gains realized by a resident foreign corporation or a non-resident foreign corporation during each taxable year from the sale, exchange or disposition of shares of stock in a domestic corporation outside the facilities of the PSE are also subject to the final tax rate of 15% based on the net capital gains realized during the taxable year.

If an applicable income tax treaty exempts net gains from such sale from capital gains tax, either a request for confirmation on the propriety of the withholding tax or an application for tax treaty relief has to be filed with the BIR in accordance with BIR regulations, and approved by the BIR, to avail of the exemption. (Please see discussion below on tax treaties.) The transfer of shares shall not be recorded in the books of a company, unless the BIR has issued a CAR.

Taxes on transfer of shares listed and traded at the PSE

Unless an applicable income tax treaty exempts the sale from income and/or percentage tax (please see discussion below on tax treaties), a sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident holder (other than a dealer in securities) is subject to a percentage tax usually referred to as a stock transaction tax at the rate of one-tenth of one percent (1/10 of 1.0%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, which shall be paid by the seller or transferor. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Under certain income tax treaties, the exemptions from capital gains tax may not be applicable to stock transaction tax.

In addition, VAT of 12.0% is imposed on the commission earned by the PSE-registered broker, and is generally passed on to the client, the seller or transferor.

The stock transaction tax will not apply if the shares are sold outside the facilities of the PSE, including during a trading suspension. PSE Memorandum CN-No. 2012-0046 dated August 22, 2012 provides that immediately after December 31, 2012, the Philippine SEC shall impose a trading suspension for a period of not more than six (6) months, on shares of a listed company who has not complied with the Rule on Minimum Public Ownership ("**MPO**") which requires listed companies to maintain a minimum percentage of listed securities held by the public at 10.0% of the listed companies issued and outstanding shares at all times. The sale of such listed company' shares during the trading suspension may be effected only outside the trading system of the PSE and shall therefore be subject to taxes on the sale of shares that are not listed or traded at the stock exchange (i.e., capital gains tax and documentary stamp tax, and may even include donor's tax).

The stock transaction tax will also not apply if the shares sold are issued by a corporation that does not meet the MPO requirement, even if the sale is done through the facilities of the PSE. Revenue Regulations No. 16-2012 ("**R.R. 16-12**") provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO requirement after December 31, 2012 will be subject to capital gains tax and documentary stamp tax. R.R. 16-12 also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

Documentary Stamp Taxes on Shares

The original issue of shares is subject to documentary stamp tax of seventy-five percent of one percent (75% of 1%), or fraction thereof, of the shares issued. On the other hand, the transfer of shares is subject to a documentary stamp tax at a rate of ₱1.50 on each ₱200.00, or fractional part thereof, of the par value of the Shares. The documentary stamp tax is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable either by the vendor or the purchaser of the shares.

However, the sale, barter or exchange of Offer Shares should they be listed and traded through the PSE are exempt from documentary stamp tax.

Estate and Gift Taxes

The transfer of the Offer Shares upon the death of a registered holder to his heirs by way of succession, whether such an individual was a citizen of the Philippines or an alien, regardless of residence, shall be subject to an estate tax which is levied on the net estate of the deceased at a uniform rate of 6.0%. An Investor shall be subject to donor's tax at a uniform rate of 6.0% based on the value of the total gift on the transfer of the Commercial Papers by gift in excess of ₱250,000.00 made during a calendar year, regardless of the relation of the donor to the donee.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor. The estate tax and the donor's tax, in respect of the Offer Shares, shall not be collected:

(1) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (2) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

In case the Offer Shares are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Offer Shares exceeded the value of the consideration may be deemed a gift, and donor's taxes may be imposed on the transferor of the Offer Shares, based on Section 100 of the Philippine Tax Code, provided that a transfer of property made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Taxation outside the Philippines

Shares of stock in a domestic corporation are considered under Philippine law to be situated in the Philippines and any gain derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax and the transfer of such shares by gift (donation) or succession is subject to the donors' tax or estate tax.

The tax treatment of a non-resident holder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of its domicile or business activities and such holder's particular situation. This Offer Supplement does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

PARTIES TO THE OFFER

THE ISSUER

SAN MIGUEL CORPORATION

40 San Miguel Avenue, Ortigas Center
Mandaluyong City 1550
Philippines

JOINT ISSUE MANAGERS

Bank of Commerce

16th Floor, San Miguel Properties Centre Building,
#7 St Francis Street,
Mandaluyong City 1550
Philippines

BDO Capital & Investment Corporation

17th Floor, BDO Equitable Tower,
8751 Pase de Roxas, Salcedo Village,
Makati City 1226
Philippines

PNB Capital and Investment Corporation

9th Floor, PNB Financial Center,
Pres. D. Macapagal Blvd.,
Pasay City 1300
Philippines

JOINT LEAD UNDERWRITERS AND BOOKRUNNERS

Bank of Commerce

16th Floor, San Miguel Property Centre Building,
#7 St Francis Street,
Mandaluyong City 1550
Philippines

BDO Capital & Investment Corporation

17th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Salcedo Village,
Makati City 1226
Philippines

BPI Capital Corporation

23rd Floor, Ayala Triangle Gardens Tower 2
Paseo De Roxas Cor., Makati Avenue,
Makati City 1226
Philippines

China Bank Capital Corporation

28th Floor, BDO Equitable Tower
8751 Paseo de Roxas
Makati City 1226
Philippines

Land Bank of the Philippines

15th Floor, LANDBANK Plaza 1598
M.H. del Pilar Dr. J. Quintos St.,
Malate, Manila
Philippines

Philippine Commercial Capital, Inc.

6th Floor, PCCI Corporate Centre,
118 L.P. Leviste Street,
Makati City 1227
Philippines

PNB Capital and Investment Corporation

9th Floor PNB Financial Center
Pres. Diosdado Macapagal Blvd.
Pasay City 1300
Philippines

RCBC Capital Corporation

21st Floor Tower 2, RCBC Plaza,
6819 Ayala Ave,
Makati City
Philippines

Security Bank Capital and Investment Corporation

18th Floor, Security Bank Centre,
6776 Ayala Avenue,

Makati City 0719

LEGAL ADVISORS

To the Issuer

Picazo Buyco Tan Fider Santos & Dee
Penthouse, Liberty Center – Picazo Law
104 H.V. dela Costa Street
Salcedo Village, Makati City 1227
Philippines

***To the Joint Issue Managers, and the Joint Lead
Underwriters and Bookrunners***

SyCip Salazar Hernandez & Gatmaitan
SyCipLaw Center
105 Paseo de Roxas
Makati City 1226
Philippines

INDEPENDENT AUDITOR

R.G. Manabat & Co., a member firm of KPMG
9th Floor, The KPMG Center
6787 Ayala Avenue
Makati City 1226
Philippines

DEPOSITORY AGENT

Philippine Depository and Trust Corporation
6766, 37th Floor The Enterprise Center Tower I
Ayala Avenue
Makati City
Philippines

**RECEIVING AND STOCK TRANSFER AGENT, AND
REGISTRAR AND PAYING AGENT**

SMC Stock Transfer Service Corporation
2/F, MC Head Office Complex,
40 San Miguel Avenue
Mandaluyong City 1550
Philippines

APPENDIX

- A. Unaudited Consolidated Interim Financial Statements as of June 30, 2025
- B. Audited Consolidated Financial Statements as of and for the years ended December 31, 2024, 2023 and 2022
- C. List of properties owned and leased by SMC
- D. List of Permits and Licenses of the Material Subsidiaries of SMC